

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002

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BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002

INSTITUTION / AGENCY AGENDA
BOISE STATE UNIVERSITY

PURCHASE AND SALE OF PROPERTY AND EQUIPMENT
PURCHASE OF INDOOR TRACK

LEASE AGREEMENT WITH THE IDAHO CENTER IN NAMPA, IDAHO AND
PURCHASE OF INDOOR TRACK

SUBJECT

Purchase of Indoor Track
Lease Agreement with the Idaho Center in Nampa, Idaho

BACKGROUND

Boise State's Intercollegiate Athletics program currently includes a women's and men's indoor track program but has no indoor track facility. Participation in indoor track meets mandates travel to a wide variety of geographical locations at a time when travel costs are escalating. The Idaho Center, located adjacent to the Boise State West campus in Nampa, is constructing a new \$2.1 million facility and has offered to house the indoor track through a lease agreement with Boise State.

DISCUSSION

Boise State has the opportunity to purchase from the Georgia Dome a Mondo portable track. This type of track is mandated to be used for NCAA championships, World Championships and USA Championships. The estimated value of the track is \$550,000 and may be purchased by Boise State for \$300,000. The expected life span of the track is 30-40 years.

The lease of the Idaho Center's multi-purpose Sports Center, which will accommodate 4,500 spectators, will be for three and a half months annually, for the life of the facility, at a total cost of \$300,000. Boise State will be responsible for the maintenance of the track itself, but the Idaho Center will assume all costs related to the facility.

IMPACT

Boise State has received a donation for \$250,000 (\$25,000 per year for ten years) toward the purchase of the track. The remaining \$50,000 cost will be derived from travel savings of \$34,000 per year.

The lease will be paid from entry fees, user fees, rentals and corporate sponsorships estimated to range from \$50,000 to \$85,000 annually, plus ongoing travel cost savings.

STAFF COMMENTS

Boise State University's business plan calls for donations, travel savings, and program revenue to support the cost of the track and the lease of the facility so no general account funds will be required.

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INSTITUTION / AGENCY AGENDA
BOISE STATE UNIVERSITY continued

BOARD ACTION

A motion to approve both the purchase of a Mondo portable Indoor Track from the Georgia Dome for \$300,000 according to the Sale and Purchase Agreement and the lease agreement for the Idaho Center's multi-purpose Sports Center according to the Memorandum of Understanding and Agreement. Recommend approval of request.

Moved by _____ Seconded by _____ Carried Yes _____ No _____



Indoor Track Proposal

August 15, 2002

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Executive Summary

Boise State's Intercollegiate Athletics program currently includes a women's and men's indoor track program but has no indoor track facility. Participation in indoor track meets mandates travel to a wide variety of geographical locations at a time when travel costs are escalating. The Idaho Center, located adjacent to the Boise State West campus in Nampa, is constructing a new \$2.1 million facility and has offered to house the indoor track through a lease agreement with Boise State.

Boise State has the opportunity to purchase from the Georgia Dome a Mondo portable track. This type of track is mandated to be used for NCAA championships, World Championships and USA Championships. The estimated value of the track is \$550,000 and may be purchased by Boise State for \$300,000. The expected life span of the track is 30 – 40 years.

The lease of the Idaho Center's multi-purpose Sports Center, which will accommodate 4,500 spectators, will be for three and a half months annually, for the life of the facility, at a total cost of \$300,000. Boise State will be responsible for the maintenance of the track itself, but the Idaho Center will assume all costs related to the facility.

Boise State has received a donation for \$250,000 (\$25,000 per year for ten years) toward the purchase of the track. The remaining \$50,000 cost will be derived from travel savings of \$34,000 per year.

The lease will be paid from entry fees, user fees, rentals and corporate sponsorships estimated to range from \$50,000 to \$85,000 annually, plus ongoing travel cost savings.

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Indoor Track Purchase

Membership in the Western Athletic Conference mandates that Boise State sponsor Indoor Track and Field as a championship sport. Boise State has neither training nor a competition venue such as those located at the University of Idaho and Idaho State University.

Atlanta's Georgia Dome has a 200 meter banked Mondo Track available for purchase. This track is nine years old but is in almost new condition because it has been used only to host the USA Track and Field Championships for two weeks each year. The expected life span of this track is 30 to 40 years and has an estimated value of \$550,000. The track has been offered to Boise State for \$300,000.

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SALE AND PURCHASE AGREEMENT

STATE OF GEORGIA
FULTON COUNTY

THIS SALE AND PURCHASE AGREEMENT (this "Agreement") is made effective as of _____, 2002, among USA TRACK & FIELD, INC., a Virginia non-stock corporation ("USATF"); BOISE STATE UNIVERSITY, an institution of the State of Idaho ("Boise State"); and the GEO. L. SMITH II GEORGIA WORLD CONGRESS CENTER AUTHORITY, a public authority of the State of Georgia (the "GWCCA").

WITNESS:

USATF, Boise State, and GWCCA agree as follows:

1. Agreement to Sale and Purchase. Upon the terms set forth in this Agreement, USATF agrees to sell to Boise State and Boise State agrees to purchase from USATF the property described in this Agreement as the "Track."
2. The Track. The Track consists of the following property:

Mondo 200 meter banked indoor track and field facility equipment which includes barrier fencing, de-acceleration padding, infield padding, warm-up track and pits for shot and hammer throw. The Track does not include hammer cage, padding, uprights and crossbars for high jump and pole vault or any other equipment. The Track includes only the equipment now stored by the GWCCA in the GWCCA's facility known as the Georgia Dome.
3. The Purchase Price. The purchase price is the sum of \$300,000.00, plus applicable sales and use taxes, if any, required to be collected by or imposed upon USATF on the sale of the Track (the "Purchase Price"), in accordance with the terms of this Agreement. Boise State represents to USATF (and GWCCA) that this transaction is not subject to or exempt from any sales and use taxes or similar retail taxes imposed by any taxing jurisdiction and based upon such representation, USATF will not collect such taxes. Boise State agrees to indemnify and hold harmless USATF (and GWCCA) from any sales and use or similar retain taxes, penalties, costs, or interest assessed or demanded by any taxing jurisdiction from USATF (or from GWCCA).
4. Deposit. Upon the signing of this Agreement, Boise State will pay to USATF the sum of \$5000.00 (the "Deposit"). At closing of the sale and purchase of the Track, the Deposit shall be applied to the Purchase Price.
5. Delivery and Closing. The closing of the purchase and sale shall occur on or before November 30, 2002, as mutually agreed among USATF, Boise State, and GWCCA. The closing date shall be the date on which the Track is delivered to Boise State at its campus in Idaho. Prior to closing:

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(a) Upon a certificate of insurance procured by Boise State at its expense reflecting insured procured by Boise State insuring the Track for at least the amount of the Purchase Price, insuring Boise State, USATF and GWCCA as their interests may appear, the GWCCA will make the Georgia Dome available to shippers or contractors, designated by Boise State, for the purpose of retrieving the Track from storage, packing it, removing it from GWCCA's property, and shipping it from the GWCCA's property to Boise State's campus in Idaho. Boise State shall be solely responsible and liable to GWCCA for any damage to persons or property of the GWCCA occurring during or as a result of the removal of the Track. Boise State hereby agrees to indemnify, defend and hold USATF, its directors and officers, harmless from any fine, penalty, claim, liability, loss, property damage or personal injury resulting in any manner from Boise State's removal of the Track from the GWCCA. The risk of loss or damage to the Track passes to Boise State when GWCCA makes the Track available to the shipper or contractor selected by Boise State and such shipper or contractor commences removal of the Track from GWCCA's property for shipping. Title to the Track shall remain in USATF until the Track is delivered to Boise State at its campus in Idaho. Boise State shall be exclusively responsible for the costs of retrieving the Track from storage, packing it, removing it from GWCCA's property, and shipping it from GWCCA's property to Boise State's campus in Idaho and Boise State shall pay, or reimburse USATF or GWCCA for the payment of, such costs, as USATF or GWCCA elects.

(b) Upon delivery of the Track to Boise State at its campus in Idaho, Boise State will deliver to USATF or its assigns the remainder of the Purchase Price by wire delivery of funds through the Federal Reserve System, or by a certified or bank cashier's check drawn upon a financial institution whose deposits are insured by the Federal Deposit Insurance Corporation, or in such other manner as Boise State and USATF (or its assign) may agree or absent agreement, as USATF may designate. Boise State acknowledges that USATF has concurrently herewith irrevocably assigned to GWCCA the obligation of Boise State to pay the Purchase Price. USATF hereby confirms that it has irrevocably assigned to GWCCA the rights to receive payment of the Purchase Price. A copy of that assignment is attached to this Agreement. Notwithstanding the assignment, USATF retains all other rights and obligations under this Agreement.

(c) USATF will deliver a bill of sale to Boise State conveying the Track in accordance with this Agreement upon delivery of the Track to Boise State at its campus in Idaho.

6. Right of Inspection. At the time of the removal of the Track by shippers or contractors designated by Boise State, Boise State may inspect the Track at the Georgia Dome upon reasonable notice to the GWCCA. Upon receipt of such request, GWCCA will provide Boise State reasonable access to the Track and may condition such access upon Boise State's payment of the costs and expenses incurred by the GWCCA in making the Track available for inspection. Boise State hereby agrees to indemnify, defend and hold USATF, its directors and officer harmless from any fine, penalty, claim, liability, loss, property damage or personal injury resulting in any manner from Boise State's inspection of the Track prior to its removal from the GWCCA. Boise State is responsible to GWCCA for any damage to the property of the GWCCA as a result of the activities of Boise State or its contractors during inspection of the Track. After the removal of the Track from the property of GWCCA by shippers or contractors designated by Boise State has commenced, Boise State may not cancel this Agreement

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7. Option to Cancel. At any time prior to the moment the removal of the Track from the property of GWCCA by shippers or contractors designated by Boise State has commenced, Boise State may cancel this Agreement by delivering written notice to USATF and to GWCCA. After the removal of the Track from property of GWCCA by shippers or contractors designated by Boise State has commenced, Boise State may not cancel this Agreement. If Boise State timely elects to cancel this Agreement, USATF shall be entitled to retain the Deposit.

8. Terms of Sale.

(a) The Track is sold by USATF WHERE IS AND IN ITS CURRENT CONDITION. THE TRACK IS SOLD WITHOUT EXPRESS OR IMPLIED WARRANTY OR REPRESENTATION INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURCHASE. THE GWCCA MAKES NO REPRESENTATION OR WARRANTY CONCERNING THE TRACK.

(b) If the Track is subject to any loss or damage due to fire, vandalism, theft, or other casualty which is discovered by USATF, GWCCA, or Boise State prior to the moment the removal of the Track by shippers or contractors designated by Boise State has commenced, any party may cancel this Agreement provided that such notice of cancellation is given prior to the removal of the Track from GWCCA's property.

(c) This Agreement constitutes the entire agreement between the parties. No representations, understandings or agreements are binding on any party except those set forth in this Agreement.

(d) This Agreement shall be governed by the laws of the State of Georgia. No action shall be brought under or in connection this Agreement except in the Superior Court of Fulton County, Georgia. Boise State consents to jurisdiction in such court with respect to any action by USATF or GWCCA arising under or in connection with this Agreement or the Assignment. No action may be brought by or on behalf of Boise State against USATF or against GWCCA for any claim arising under or in connection with this Agreement or the Assignment except in the Superior Court of Fulton County, Georgia.

(e) Each party shall have right to delay the party's performance to the extent such performance has been delayed, and, the right to cancel this Agreement if the benefits of this Agreement to the party have been materially impaired, on account of riots, wars, acts of enemies, national emergency, strikes, floods, fires, acts of God, or by any other cause not within the control of such party. However, after the removal of the Track from property of GWCCA by shippers or contractors designated by Boise State has commenced, Boise State may not cancel this Agreement. If Boise State timely elects to cancel this Agreement, USATF shall be entitled to retain the Deposit.

(f) Any notice under this Agreement asserting any default shall be given in writing to the address set forth after the party's signature below by (1) certified, first class United States Mail, postage prepaid, return receipt requested, (2) overnight mail, or (3) delivery directly by the party to such address.

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9. To assist in the sale, GWCCA shall provide personnel who are familiar with the operation of the Track to assist Boise State and its contractors in the first set up of the Track at its campus in Idaho. This activity is expected to take place over the course of several days in September or October of 2002, after the delivery of the Track. Boise State shall bear all costs (including, but not limited to all reasonable travel related expenses, personnel costs and other actual and necessary expenses) incurred by GWCCA in such activity. Boise State shall pay such sum to GWCCA within 30 days after such activity occurs. Such personnel shall be employees or contractors of GWCCA and not of Boise State.

In Witness Whereof, the parties have caused this Agreement by the respective duly authorized representatives of such parties.

USA TRACK & FIELD, INC.

BOISE STATE UNIVERSITY

By: _____
Bill Roe, President

By: _____
Gene Bleymaier, Athletic Director
Athletic Department

By: _____
Craig Masback, CEO

Address for Notices
USA Track & Field
Attn: Craig Masback, CEO
One RCA Dome
Suite 140
Indianapolis, IN 46225

Address for Notices
Boise State University
Attn: Gene Bleymaier
Athletic Director
1910 University Drive
Boise, ID 83725-1020

GEO. L. SMITH II GEORGIA WORLD
CONGRESS CENTER AUTHORITY

By: _____
Khalil Johnson, General Manager

Geo. L. Smith II Georgia World Congress Center Authority
Attn: Khalil Johnson, General Manager
One Georgia Dome Drive
Atlanta, GA 30313-1591

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Idaho Center Lease

A proposed partnership between the Idaho Center in Nampa and Boise State University offers a unique opportunity to house the indoor track. The Idaho Center is currently constructing a multi-use Sports Center adjacent to the Idaho Center and contiguous to the Boise State West campus.

Under the negotiated terms of the lease, the facility would be available from November 15 – March 1 for indoor track activities. The total cost to Boise State is \$300,000 for use of the facility throughout its lifetime.

The Sports Center will be large enough to house the 200 meter banked track as well as seating for 4500 spectators. Boise State will have total control of the track between November 15 – March 1, and the Idaho Center will stow the track at no charge during the off season.

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MEMORANDUM OF UNDERSTANDING AND AGREEMENT
Between the Idaho Center and Boise State University
for the Use and Operation of an Indoor Track Facility

This Memorandum of Understanding and Agreement (hereinafter the "Agreement") is made and entered into this 19 day of April, 2002, by and between THE URBAN RENEWAL AGENCY OF THE CITY OF NAMPA, IDAHO d/b/a The Idaho Center (hereinafter "Idaho Center") and BOISE STATE UNIVERSITY (hereinafter "BSU").

Recitals

WHEREAS, the Idaho Center has agreed to construct on Idaho Center property a facility sufficient to house and conduct indoor track and field meets (hereinafter the "Sports Center") and has agreed to make the Sports Center available to BSU; and

WHEREAS, BSU is desires to acquire the use of the Sports Center for practice and competition purposes; and

WHEREAS, the parties enter into this Agreement to establish the responsibilities for the development, operation and use of the Sports Center.

NOW, THEREFORE, the Idaho Center and BSU hereby covenant and agree to the following terms and conditions, to-wit:

Agreement

1. **Term.** The term of this Agreement will commence on April 19, 2002 and will continue for as long as the Sports Center and the *Mondo* track or its replacement exists, or until terminated by mutual agreement of both parties.

2. **Construction of Sports Center.** Idaho Center will construct, at its own cost and expense, a Sports Center facility which will consist of a building adequate in size to accommodate a 200-meter *Mondo*® indoor track, 4,500 spectator seats, public restroom facilities, and food concession areas; the clear-span area will be a minimum size of approximately 300' x 175' (the entire facility is hereinafter collectively referred to as the "Sports Center"). The cost of construction of the Sports Center shall be borne by the Idaho Center and the Urban Renewal Agency of the City of Nampa, Idaho. BSU shall not be responsible for any construction costs of the Sports Center. The Sports Center shall be built on real property owned by the Idaho Center and shall be solely owned by the Idaho Center. BSU shall have no interest in the real property.

3. **Purchase of *Mondo*® Track.** BSU shall purchase a 200-meter *Mondo*® indoor track adequate to accommodate championship track events such as the NCAA indoor track finals to be utilized at track and field events at the Sports Center. The cost of this *Mondo*® track shall be borne by BSU and it shall be the sole and exclusive property of BSU. The Idaho Center shall not be responsible for any cost associated with the *Mondo*® track.

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4. **BSU Use of Sports Center.** BSU will be entitled to the preferential use of the Sports Center, including sufficient parking, on an annual basis from the beginning of the second week in November of each year through the end of the first week in March of the following year (hereinafter BSU's use term). BSU's use term shall commence at the beginning of the second week of the first November following the completion of construction of the Sports Center and shall continue thereafter on an annual basis from the beginning of the second week in November of each year through the end of the first week in March of the following year for as long as the Sports Center exists. This term may be extended to include both earlier and later times if such extension does not conflict with scheduled events at the Idaho Center. During BSU's use term, BSU shall have all priority to the use of the Sports Center for the purposes of track and field. During BSU's use term, the Sports Center will be used predominately for indoor track related events. Both parties must mutually agree to the scheduling of any non-related events during BSU's use term.

BSU Daily Use. BSU daily use will take place during the hours of 11:00 a.m. and 9:00 p.m. on Monday through Friday, and 9:00 a.m. and 9:00 p.m. Saturday pursuant to practice and competition needs. Saturday practices may be held in the event there is no scheduled competition for that day (during established practice times). Competition schedules may require modification of the daily use hours.

Other Use. During the Monday through Saturday BSU use term hours set forth above, BSU shall have the exclusive right to rent the Sports Center to third parties for track and field purposes.

Rental. In addition to any track usage fee charged by BSU to such third parties, the Idaho Center may also assess a charge to any third party track and field team for building rental to cover actual costs in excess of those agreed upon by the IC in section 7. Obligations of the Idaho Center.

Conditions. Both parties agree that the Sports Center shall not be rented to any third party track and field team unless it first provides proof of insurance to cover any medical condition or injury which might occur during its use of the Sports Center, and signs a waiver indemnifying and holding the Idaho Center and BSU harmless from any and all injury, condition, accident or other circumstance sustained by or occurring to any member, athlete, coach, spectator or other person associated with third party renting the track and field facility and Sports Center.

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5. Third Party Use of Sports Center.

Notwithstanding anything herein contained to the contrary, the parties agree that no use of the indoor track at the Sports Center may take place at any time without the consent of Boise State University Athletics and/or the BSU Track and Field Department.

If BSU is not utilizing this *Mondo*® track for its practice sessions or if the *Mondo*® track is not being used during an indoor track and field competition scheduled by BSU, the parties agree that no other person or party is authorized to use this *Mondo*® track without the express approval and permission of BSU.

6. Consideration. For the right to the use of the Sports Center on an annual basis during the dates and times herein specified, the parties agree that BSU shall pay the Idaho Center a sponsorship fee of Three Hundred Thousand Dollars (\$300,000.00), payable as follows:

\$75,000.00 by September 30, 2002;
\$75,000.00 by September 30, 2003;
\$75,000.00 by September 30, 2004;
\$75,000.00 by September 30, 2005.

There shall be no additional consideration required from BSU and their right to the use of the Sports Center as herein set forth shall begin when the Sports Center has been completed and is available for use and shall continue for as long as the Sports Center exists

7. Obligations of the Idaho Center. Throughout the life of this Agreement during BSU's use term, and in addition to all other terms and conditions set forth herein to be performed by the Idaho Center, the Idaho Center will be responsible for the following at its sole cost and expense:

- (a) to set up at and tear down at the Sports Center the bleacher seating that BSU will provide and transport to the Sports Center.
- (b) supply and pay for all personnel and materials required for the daily maintenance and repair of the Sports Center.
- (c) to pay for all electrical and heating of the Sports Center.
- (d) supply and pay for all personnel and material used in the general maintenance of the Sports Center.
- (e) supply materials and pay for maintenance on the BSU bleacher seats used during non-track events at the Sports Center.
- (f) provide necessary personnel to set up and take down the indoor track and components on an annual basis. The track is to be set up in mid-November and taken down approximately the first week in March, the

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exact dates to be agreed upon by IC and BSU Athletics no later than September 1 of each year.

- (g) pay for building costs associated with BSU's use term including, but not limited to, heat and lighting sufficient to adequately heat and light the Sports Center. IC will provide security, building operation personnel, ticket sellers and takers and parking as necessary.
- (h) provide all building and event security.
- (i) the sale of all food and beverages at concessions.
- (j) provide any catering required.

The Idaho Center shall retain all net revenues associated with the sale of food and beverages at concessions and catering. The Idaho Center shall retain all gate fees of both spectators and participants. The parties agree that gate fees may be assessed to meet participants in addition to any required meet entry fee.

8. **Obligations of BSU During Its Use Term.** Throughout the life of this Agreement during BSU's use term of the Sports Center, and in addition to all other terms and conditions set forth herein to be performed by BSU, BSU will be responsible for the following at its sole cost and expense:

- (a) to provide and transport approximately 3,000 bleacher-type seats to and from BSU to the Sports Center for use at the Sports Center during the months of January through July of each year.
- (b) to tear down the bleacher-type seats at BSU for transport to the Sports Center and to reset the bleacher-type seats at BSU when they are transported back to BSU from the Sports Center.
- (c) to supply, at its own cost and expense, a *Mondo*® banked 200-meter indoor track and all necessary track equipment.
- (d) provide supervision necessary for BSU track practice, competitions and public use of the track.
- (e) pay for any trainers, medical personnel, EMTs or emergency medical response teams during BSU's use of the Sports Center for track practice and competitions.
- (f) pay for any repairs to the *Mondo*® track, track equipment, and bleacher seats from BSU, unless these costs are the result of negligence by IC personnel.

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- (g) supply and pay for any maintenance on the *Mondo*® track and related equipment.
- (h) supply materials and pay for maintenance on the BSU bleacher seats while being used in conjunction with track events.
- (i) pay for costs associated with BSU's track meet production including, but not limited to, officials, registration, entry fee collection and sports medicine personnel.
- (j) BSU shall collect and retain all entry fees throughout the term of this contract.

9 **Marketing.** The Idaho Center and BSU will establish a Marketing Committee consisting of the BSU Athletic Director (or designate), BSU's Head Track Coach, the Director of the Idaho Center, the Idaho Center Controller, and other appropriate staff appointed and approved by each of these four positions. The Marketing Committee will develop a comprehensive marketing plan which will include specific goals to attract local, regional and national track meets involving high school, college and open class competitors.

The Marketing Committee shall establish a marketing account for the purpose of funding track event promotions and advertising. The Marketing committee will be responsible for all joint promotions and will be accountable for promotional budgets and approval of all expenditures. The Marketing Committee will establish an annual marketing calendar with the start date beginning at the end of each indoor track season.

The Marketing Committee will create and solicit bids for non-BSU events and national championship/elite competitions, e.g., NCAA, USA Track and Field Championships, Mountain Pacific Sports Federation, Big Sky, Golden Spike. The Marketing Committee will develop a major regional high school competition to be known as the Great Northwest Indoor Championships. The Marketing Committee will solicit and promote media and television coverage of competitions. The Idaho Center and BSU will share equally the net proceeds that might arise from media coverage.

Due to the unique nature of bidding and opportunities for certain competitions, Boise State University and the Idaho Center shall negotiate the gate, facility usage fees, and entry fee proceeds on a case by case basis for the WAC Championships, NCAA Championships, USA Track and Field Championships, Golden Spike Championships, and all other third party competitions where a facility usage fee is charged or is deemed appropriate by the Marketing Committee.

The Marketing Committee will solicit sponsorship for establishing a high quality scoreboard and/or video screen suitable and appropriate to the intended uses of the venue. Financial liability for, as well as any revenue generated from this scoreboard will be prorated 75% to the Idaho Center and 25% to BSU.

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The Idaho Center will make available to the Marketing Committee a minimum of \$5,000 per marketing year for the purpose of advertising and promotion.

BSU will make available to the Marketing Committee a minimum of \$5,000.00 per marketing year for the purpose of advertising and promotion.

10. Sponsors. BSU and the Idaho Center will jointly pursue event sponsors for non-BSU events such as NCAA's, USA Track and Field Championships, Mountain Pacific Sports Federation, Big Sky, Golden Spike. Sponsorship funds received as a result of this effort will be used to defray costs associated with staging those events. After all costs are paid for each event, the net overage will be set aside and used to help defray costs for future non BSU events. If a shortage should occur and reserve funds are not adequate to pay the entire shortage, the Idaho Center and BSU will be paid from sponsor funds at the same percentage as costs are incurred. For any shortage not paid, accounting documentation will be maintained and future overages will be used to pay the shortage. At the end of each track season, any overage will be transferred to an account, to be known as the Marketing Account, thereby reducing the annual funding requirement as specified in section 9. Marketing. If the overage at the end of the track year exceeds \$10,000.00, all funds exceeding \$10,000.00 will be divided equally between the Idaho Center and BSU.

The Idaho Center may pursue building and capital expenses sponsors. These funds are to remain the property of the Idaho Center and will not be shared with BSU.

BSU may pursue track and field facility, track and field equipment and seating expense sponsors. These funds are to remain the property of BSU and will not be shared with the Idaho Center.

11. Track Meet Operation and Event Staging. The Idaho Center and BSU will share responsibility for setting up and tearing down for event competitions.

12. Storage. The Idaho Center agrees to store, at no additional cost or expense to BSU, the *Mondo*® track, related track equipment and the BSU bleacher seats during those times that BSU is not using those items at the Sports Center. BSU hereby indemnifies and holds the Idaho Center harmless from any damage or loss occurring to any equipment that BSU shall store at the Idaho Center.

13. Novelties. The Idaho Center and BSU shall share equally all novelty rights and net proceeds for meet T-shirts produced and sold in conjunction with non-BSU competitions. All novelty rights and all net proceeds for such items, including but not limited to athletic apparel, souvenirs and competition-specific apparel such as meet T-shirts, for all BSU sponsored competitions, produced and sold in conjunction with BSU competitions shall be the property of BSU. BSU shall have the right to assign any rights under this paragraph to a third party including but not limited to the BSU Bookstore. All novelty rights and all net proceeds for such items, including but not limited to apparel and souvenirs, specific to the Idaho Center and or Idaho Horse Park shall be the property of the Idaho Center.

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14. **No Concessions.** No concessions of any kind may be sold or distributed by BSU during its use of the Sports Center.

15. **General Maintenance.** The Idaho Center will be responsible for maintaining the grounds surrounding the Sports Center, and all plumbing associated therewith.

16. **Scheduling.** During BSU's use term, BSU shall have all priority to the use of the Sports Center for the purposes of holding scheduled indoor track practice for the BSU track team and for scheduled track meets. During BSU's use term, the Sports Center will be used predominately for indoor track related events. Both parties must mutually agree to the scheduling of any non-related events during BSU's use term.

17. **Waste Prohibited.** At the conclusion of any BSU sponsored activity, the Sports Center and its immediate surrounding area will be cleaned of debris by BSU personnel and the debris will be placed in trash receptacles supplied by the Idaho Center.

18. **Signs.** The Idaho Center will retain all sponsorship revenue generated from the placement of signs on or in the Sports Center. This shall not include signs on or attached to any track and field surfaces or on the essential equipment, such as jumping pits or barrier fencing.

BSU will retain all sponsorship revenue generated from the placement of signs on the *Mondo*® track and in particular, signs on or attached to any track and field surfaces including the essential equipment, such as jumping pits or barrier fencing.

19. **Liability.** In this section, generic reference to the Idaho Center and BSU shall be deemed to include their officers, trustees, councils, boards, agents, designees, contractors, employees, faculty, staff and students, assigns and invitees:

A. **Indemnification by Idaho Center.** Idaho Center agrees to indemnify and save BSU harmless from and against any and all claims and demands arising out of or relating to any negligent or intentional act or omission of Idaho Center during Idaho Center's administration of the Sports Center and any part thereof and from and against any and all cost, including reasonable attorney's fees, expenses and liabilities incurred in connection with any such claims and/or proceedings brought thereon. Nothing in this paragraph shall be deemed to expand the liability of any entity beyond the applicable limits of the Idaho Tort Claims Act.

B. **Indemnification by BSU.** BSU agrees to indemnify and save Idaho Center harmless from and against any and all claims and demands (except for Idaho Center's proportionate share of any such claim which arises out of the negligence or intentional acts of Idaho Center) for, or in connection with, any accident, injury, or damage whatsoever caused to any person or property arising, directly or indirectly, out of the business activities conducted in or the use and/or occupancy of the Sports Center or occurring in, on or about the Sports Center or any part

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002

thereof, or arising directly or indirectly, from any negligent or intentional act of BSU, and from and against any and all cost, including reasonable attorney's fees, expenses and liabilities incurred in connection with any such claims and/or proceedings brought thereon. Nothing in this paragraph shall be deemed to expand the liability of any entity beyond the applicable limits of the Idaho Tort Claims Act.

20. Liability Insurance. Each party shall maintain a comprehensive liability insurance policy or self-insurance covering the activities occurring at the Sports Center during the term of this Agreement with a responsible insurance company or in compliance with state law, at their own respective cost, in the names of and for the benefit of the State of Idaho, BSU, the Idaho Center, the City of Nampa, and the City of Nampa Urban Renewal Agency, as principle insureds or additional insureds, as is appropriate. The amount of coverage shall be sufficient to cover each party's exposure under the Idaho Tort Claims Act, which is currently \$500,000. Each party shall furnish the other with a certificate of liability insurance or certificate of financial responsibility stating that said insurance is in full force and effect during the term of use of this Agreement or any extension hereof.

21. Approvals of Governing Bodies. This Agreement is subject to any approval required by the board(s) or council(s) of the respective parties. Each party promises that it will use due diligence in gaining such approvals, and will notify the other party in writing when such approval is accomplished.

22. Notices. Except for event scheduling requests and information which shall take place between a designated representative of BSU and the Idaho Center, all required notices to be given under this Agreement shall be by certified mail, return receipt requested, to the parties as follows:

**BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002**

The Idaho Center:

Rodney C. Orrison
The Idaho Center
P.O. Box 279
Nampa, ID 83653

Boise State University:

Harry E. Neel, Jr.
Vice President for Finance and Administration
Boise State University
1910 University Drive
Boise, ID 83725

IN WITNESS WHEREOF, the parties do execute this Agreement.

**THE URBAN RENEWAL AGENCY OF THE
CITY OF NAMPA, IDAHO**

d/b/a The Idaho Center

Rodney C. Orrison, Director
"Idaho Center"

BOISE STATE UNIVERSITY

Harry E. Neel, Jr.
Vice President for Finance and Administration

Consented to by the CITY OF NAMPA

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BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002

Business Plan

	FY03	FY04	FY05	FY06	FY07
Revenues					
Gift	25,000	25,000	25,000	25,000	25,000
Reallocation	34,000	34,000	34,000	34,000	34,000
Entry Fees	25,000	25,000	25,000	25,000	25,000
Jog-A-Thon	10,000	10,000	10,000	10,000	10,000
Other	20,000	25,000	30,000	35,000	40,000
Total	114,000	119,000	124,000	129,000	134,000
Expenses					
Track	16,441	25,565	30,810	36,685	38,195
Lease	16,441	25,565	30,810	36,685	38,195
Maintenance	10,000	10,500	11,000	11,500	12,000
Total	42,882	61,630	72,620	84,870	88,390
Net	<u>71,118</u>	<u>57,370</u>	<u>51,380</u>	<u>44,130</u>	<u>45,610</u>

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002

	FY08	FY09	FY10	FY11	FY12
Revenues					
Gift	25,000	25,000	25,000	25,000	25,000
Reallocation	34,000	34,000	34,000	34,000	34,000
Entry Fees	26,000	26,000	26,000	27,000	27,000
Jog-A-Thon	10,000	10,000	10,000	10,000	10,000
Other	<u>40,000</u>	<u>40,000</u>	<u>45,000</u>	<u>45,000</u>	<u>50,000</u>
Total	135,000	135,000	140,000	141,000	146,000
Expenses					
Track	38,195	38,195	38,195	38,195	38,195
Lease	38,195	38,195	38,195	38,195	38,195
Maintenance	<u>12,500</u>	<u>13,000</u>	<u>13,500</u>	<u>14,000</u>	<u>14,500</u>
Total	88,890	89,390	89,890	90,390	90,890
Net	<u>46,110</u>	<u>45,610</u>	<u>50,110</u>	<u>50,610</u>	<u>55,110</u>

INSTITUTION / AGENCY AGENDA
UNIVERSITY OF IDAHO

PURCHASE AND SALE OF PROPERTY AND EQUIPMENT
PURCHASE OF A NMR SPECTROMETER

SUBJECT

Request approval for the University of Idaho to purchase a high field NMR spectrometer to perform liquid state structural and dynamic studies of proteins. This equipment has been requested by Dr. Gary Daughdrill, Assistant Professor, Microbiology Molecular Biology & Biochemistry.

BACKGROUND

A Request for Proposals was sent to three vendors, and responses were received from Varian NMR Systems (\$700,000), Bruker Instruments (\$778,633) and JEOL USA, who responded with a NO BID.

DISCUSSION

The Structural Biology Core Facility (SBCF) at the University of Idaho's Moscow campus will be devoted to studying the relationship between the structure and function of proteins. This facility will augment the goals of the new UI Center for Research on Processes in Evolution (CRePE) that was recently funded by the National Institutes of Health (NIH) and could have broad implications for understanding the genetic basis of many diseases. The facility will house a state-of-the-art Nuclear Magnetic Resonance (NMR) spectrometer that will be used to investigate the structure and dynamics of biological macromolecules. NMR is the premier technique for investigating flexibility in proteins, which will be essential for the completion of NIH project that is funding the facility.

The SBCF at the University of Idaho will directly benefit graduate and undergraduate students in the area of structural biology, making students more competitive for employment in academia and the private sector. In addition to the students in Dr. Daughdrill's research program there are several investigators from throughout the state of Idaho whose graduate and undergraduate students will be given the opportunity to perform structural biology experiments, either at the facility or remotely.

IMPACT

The total cost of this purchase is \$700,000; \$600,000 of the funds come from an NIH grant and \$100,000 (\$20,000 each) is committed from five University units: Provost, Research Office, Engineering, College of Letters, Art & Architecture, and College of Agriculture & Life Sciences.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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INSTITUTION / AGENCY AGENDA
UNIVERSITY OF IDAHO (continued)

STAFF COMMENTS

Based on cost and compliance with all required evaluation criteria, the proposal from Varian NMR Systems is considered fair and reasonable. Varian NMR Systems is considered a responsible proposer.

BOARD ACTION

A motion to approve the University of Idaho's request to purchase a high field NMR spectrometer to perform liquid state structural and dynamic studies of proteins.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002

INSTITUTION / AGENCY AGENDA
UNIVERSITY OF IDAHO continued

PHYSICAL PLANT

LEASES

**DIVESTITURE AND ACQUISITION AGREEMENT FOR BOISE LABORATORY
REPLACEMENT ACT OF 2000**

Ref: Regents' Minutes for January 21-22, 2002, p.14

SUBJECT

Request approval for the University of Idaho to enter into an agreement with the United States Forest Service (USFS) and the University of Idaho Foundation, Inc. This agreement provides for the Foundation's acquisition of a 3.26-acre parcel of land in Boise and for the USFS purchase of a portion of the condominium space it requires at the proposed Water Center. The agreement also provides for the University to sublease additional space at the Water Center to the USFS until such time as the Forest Service has completed payment for the entire amount of space it requires to carry out its programs. The Agreement, Exhibit A, is available in the SBOE office.

BACKGROUND

In October 2000 the President of the United States signed the Boise Laboratory Replacement Act which authorizes the USFS to grant the Foundation or the University a right of first refusal to purchase the USFS site at 316 E Myrtle Avenue, Boise, Idaho, at fair market value and to cooperate with the University in the development of a multi-agency research and education facility on the USFS site and adjacent property. In January 2002, the Regents authorized the University to enter into a Facilities Lease with the Idaho State Building Authority (ISBA) at the proposed Water Center. A portion of the space leased to the University of Idaho by ISBA will be subleased to the USFS.

DISCUSSION

Acquisition of the USFS site by the Foundation will enable the construction of IDAHOplace. Sale of the proposed condominium space to the USFS at the Water Center will accommodate the development of the multi-agency research and education facility envisioned by the University of Idaho and the Foundation. The ISBA will convey condominium space in the Water Center directly to the USFS in an amount equivalent to the fair market value of the USFS property. The USFS must sublease additional space from the University of Idaho to ensure it has adequate facilities in total to meet its anticipated space needs. The specific sublease agreement between the University and the USFS will be presented to the Regents for approval per Board policy at the time of the condominium closing, upon completion of construction of the Water Center building. Currently, the agreement incorporates only the form of the sublease. Once the Regents have approved the specific sublease, the Divestiture and Acquisition Agreement provides that the form shall be superseded by the executed and approved sublease.

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002

INSTITUTION / AGENCY AGENDA
UNIVERSITY OF IDAHO continued

FISCAL IMPACT

The USFS site will be purchased by the Foundation. The USFS will acquire a portion of its condominium space at the Water Center from ISBA, with the University subleasing the USFS additional space at a rate that covers the capital and operating costs of the facilities utilized by the USFS.

STAFF COMMENTS

OSBE staff recommends the approval of the request subject to the University presenting the sublease agreements to the Board for approval.

BOARD ACTION

A motion to approve the University of Idaho's request to enter into an agreement with the United States Forest Service (USFS) and the University of Idaho Foundation, Inc.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

DIVESTITURE AND ACQUISITION AGREEMENT

Among

THE UNIVERSITY OF IDAHO FOUNDATION, INC.,
an Idaho nonprofit corporation,

THE REGENTS OF UNIVERSITY OF IDAHO,
a constitutional corporation
organized and existing under and by virtue of the Constitution of the State of Idaho,
and

UNITED STATES OF AMERICA,
acting by and through the
FOREST SERVICE, DEPARTMENT OF AGRICULTURE

for the purchase and sale of real property pursuant to the
BOISE LABORATORY REPLACEMENT ACT of 2000

and
for the further lease and acquisition of condominium space
in the Idaho Water Center

August 15, 2002

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BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002

DIVESTITURE AND ACQUISITION AGREEMENT

THIS DIVESTITURE AND ACQUISITION AGREEMENT (“Agreement”) is made effective the 15th day of August, 2002, by and between THE UNIVERSITY OF IDAHO FOUNDATION, INC., an Idaho nonprofit corporation (the “Foundation”), THE REGENTS OF THE UNIVERSITY OF IDAHO, a constitutional corporation organized and existing under and by virtue of the Constitution of the State of Idaho (the “University”), and UNITED STATES OF AMERICA, acting by and through the FOREST SERVICE, DEPARTMENT OF AGRICULTURE (the “Forest Service”). The Foundation, the University and the Forest Service are collectively referred to as the “Parties”.

RECITALS

A. The Foundation is an Idaho nonprofit corporation organized for the exclusive benefit of the Regents of the University of Idaho, a constitutional corporation organized and existing under and by virtue of the Constitution of the State of Idaho.

B. The Forest Service owns that certain 3.26 acre parcel of land, which is legally described on Exhibit A attached hereto, and which is occupied as an administrative site for the Rocky Mountain Research Station (the “Boise Lab Site”).

C. It is currently anticipated that the Boise Lab Site will be included in a planned facility known as “IDAHOplace”. That facility will be connected to a second facility located on Parcel 1 of the Ada County Courthouse Corridor Project, which is legally described on Exhibit B attached hereto (hereinafter the “Avenue A Site”), and known as the “Idaho Water Center” or Unit 101 of the Civic Plaza Condominiums. Together, IDAHOplace and the Idaho Water Center will serve as a multi-agency research and education facility to serve various agencies and educational institutions of the United States and the State of Idaho, including the Forest Service.

D. **[Update as needed to address structure of ISBA/Foundation transaction]** The Foundation determined that the most effective way to develop the Idaho Water Center and IDAHOplace is through the Idaho State Building Authority (“ISBA”), whereby the ISBA will develop and own the Idaho Water Center condominium units through the issuance of *[description of bonds]* (the “Bonds”). It is anticipated that, during the term of the Bonds, the ISBA will master lease the Idaho Water Center condominium units to the State of Idaho by and through the University and the Idaho Department of Water Resources. The master lease (hereinafter the “Lease”) will contemplate the sublease and the sale of the Boise Lab Condominiums (defined below) to the Forest Service as provided in this Agreement and the Forest Service Sublease (defined below). In furtherance hereof and thereof, the Lease will provide for the direct transfer of title from the ISBA to the Forest Service, by special warranty deed, of the Boise Lab Condominiums.

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002

E. The Foundation and the ISBA have or will enter into an agreement or agreements, whereby the ISBA will assume and carryout the obligations of the Foundation under the terms of this Agreement.

F. In anticipation of the planned facilities being developed on the properties surrounding the Boise Lab Site, on October 11, 2000, President Clinton signed into law the Boise Laboratory Replacement Act of 2000, enacted as part of Public Law 106-291, a copy of which is attached hereto as Exhibit C (the "Act"), which authorizes the Secretary of the Interior to grant the Foundation or the University a right of first refusal to purchase the Boise Lab Site at fair market value and, if the University or Foundation exercises said right of first refusal, directs the Secretary to cooperate, to the maximum extent practicable, with the University in the development of a multi-agency research and education facility on the Boise Lab Site and adjacent property.

G. Pursuant to the Act and this Agreement, the Foundation desires to exercise such right of first refusal for the purchase of the Boise Lab Site, and the Forest Service desires to convey to the Foundation (or the ISBA as directed by the Foundation) the Boise Lab Site. Using the proceeds from the sale of the Boise Lab Site and additional funds from [*describe the appropriations*] (the "Appropriations"), and, if required, the Forest Service budget, the Forest Service desires to purchase the Idaho Water Center condominium units generally depicted on the floor plans attached hereto as Exhibit D (the "Boise Lab Condominiums"). To the extent that the proceeds from the Boise Lab Site sale and the Appropriations are insufficient to purchase the Boise Lab Condominiums for the purchase price set forth in this Agreement, the Parties desire to lease that portion of the Boise Lab Condominiums not purchased, and apply a portion of the lease payments to the purchase price as described below.

H. Development of the Idaho Water Center is planned to commence on or around _____, 2002, with an anticipated completion date for the Boise Lab Condominiums of _____, 2004. The Forest Service will vacate the Boise Lab Site and occupy the Boise Lab Condominiums within _____ (_____) days after the receipt of all permits required for the occupancy of the Boise Lab Condominium (hereinafter the "Date of Occupancy"). [**Drafting Note: Need to address the Forest Service field season and the time it will take to move.**]

I. In order to avoid the expense and inconvenience of an interim relocation of the Forest Service off the Boise Lab Site as the Idaho Water Center is developed, upon conveyance of the Boise Lab Site hereunder, the Parties will execute an interim lease or occupancy agreement for a portion of the Boise Lab Site during and pending the development of the Idaho Water Center until the Date of Occupancy. The interim lease or occupancy agreement will provide for a partial or total vacation of the Boise Lab Site in the event construction of IDAHOplace commences prior to the Date of Occupancy.

J. **[Update upon completion of analyses]**The Forest Service has prepared and performed such appraisals and analyses as required under the laws, regulations and rules applicable to its disposition of the Boise Lab Site and its purchase and lease of the Boise Lab Condominiums, including (a) with regard to the Boise Lab Site, a cultural mitigation analysis, a categorical exclusion determination, and appraisals, and (b) with regard to the Boise Lab Condominiums, a benefit-cost analysis and a land title review.

K. The Parties desire to set forth their mutual rights and responsibilities with respect to the purchase of the Boise Lab Site by the Foundation and the acquisition of the Boise Lab Condominium by the Forest Service.

AGREEMENT

NOW, THEREFORE, in furtherance of the Boise Laboratory Replacement Act of 2000 and in consideration of the mutual promises, covenants, and agreements stated herein, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. PURCHASE AND SALE OF THE BOISE LAB SITE

1.1 Purchase and Sale.

At the Closing (as defined in Section 1.4.1), the Forest Service hereby agrees to sell, assign and convey the Boise Lab Site to the Foundation (or to the ISBA as directed by the Foundation), and the Foundation hereby agrees to purchase the Boise Lab Site from the Forest Service, for the Boise Lab Site Purchase Price (as defined in Section 1.2) and according to the terms, covenants and conditions contained in this Agreement.

1.2 Purchase Price.

The purchase price for the Boise Lab Site shall be the fair market value approved pursuant to the Act, currently anticipated to be approximately Two Million Nine Hundred Twenty-five Thousand and No/100ths Dollars (\$2,925,000.00) (the "Boise Lab Site Purchase Price"). Subject to Section 1.4.4, the Boise Lab Site Purchase Price shall be paid in cash or other immediately unavailable funds at Closing (defined in Section 1.4.1).

1.3 Condition of Property.

The Foundation acknowledges that it has inspected the Boise Lab Site and, except as expressly provided in this Agreement, the Foundation is purchasing the Boise Lab Site on an "AS-IS" basis without any warranties, express or implied, from the Forest Service. The Foundation further acknowledges that it is not relying upon any statements or representations by the Forest Service which are not expressly set forth in this Agreement.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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1.4 Closing.

1.4.1 Time for Closing. The closing of the purchase and sale of the Boise Lab Site (“Closing”) shall take place at the office of TitleOne Corporation in Boise, Idaho (the “Closing Agent”) on or before the 31st day of August, 2002 (the “Closing Date”). At Closing, the Forest Service and the Foundation shall deposit in escrow with the Closing Agent all instruments, documents and monies necessary to complete the sale in accordance with this Agreement.

1.4.2 Prorations; Closing Costs. Assessments for the current year, rents, interest, utilities and other items of income and direct expense relating to the Boise Lab Site, if any, shall be prorated as of the Closing Date. The Forest Service shall pay one-half (½) of the Closing Agent's escrow fee. The Foundation shall pay the cost of recording the quitclaim deed, one-half (½) of the Closing Agent's escrow fee and the premium for any title insurance policy desired by the Foundation.

1.4.3 Conveyance of Title. At Closing, the Forest Service shall execute and deliver to the Foundation a quitclaim deed conveying all of its right, title and interest in the Boise Lab Site. The form of quitclaim deed is attached hereto as Exhibit E.

1.4.4 Escrow of the Boise Lab Site Purchase Price. The Act requires that the Secretary of Agriculture deposit the Boise Lab Site Purchase Price in the fund established under public law 90-171 (16 U.S.C. 484a), commonly known as the “Sisk Act,” and that the Boise Lab Site Purchase Price be available for those uses set forth in Section (e)(2) of the Act. The Parties further understand and acknowledge that the Boise Lab Site Purchase Price will constitute a portion of the purchase money for the Boise Lab Condominiums and, during construction of the Idaho Water Center, will be drawn on for costs associated with the Boise Lab Condominiums. To facilitate the requirements of the Act and the financing of certain construction costs, the Parties agree that the Boise Lab Site Purchase Price shall be deposited in an interest bearing escrow account (“Escrow Account”) and disbursed in accordance with an escrow agreement (“Escrow Agreement”) between the Foundation and the Forest Service. The form of Escrow Agreement is attached hereto as Exhibit F, which form and the terms thereof shall be superceded by the actual Escrow Agreement fully and finally executed by the Foundation and the Forest Service. **[Drafting Note: Need to determine the bond requirements for disbursement of the Boise Lab Site Purchase Price. We will need to work out how the money can be moved from the treasury account into an interest bearing account from which draws can be taken.]**

1.5 Conditions to Closing.

The Parties shall not be obligated to close the purchase and sale of the Boise Lab Site unless on or prior to Closing each of the following conditions has been met or the Party benefited by any such condition precedent has waived said condition in writing. The Parties agree to cooperate and to execute any documents necessary or convenient to the performance of these conditions.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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1.5.1 The Foundation has received a title commitment for standard owners coverage in the amount of the Boise Lab Site Purchase Price showing only the exceptions set forth in Exhibit G. The title company shall be prepared to issue upon Closing, an extended coverage owner's policy of title insurance, together with all endorsements reasonably requested by the Foundation for the purchase of the Boise Lab Site. If a survey is required for issuance of the extended coverage owner's policy, the cost of the surveyor shall be born by the Foundation.

1.5.2 On or prior to the Closing Date, the Forest Service shall have delivered to the Foundation an affidavit in a form satisfactory to the Foundation evidencing the Forest Service's exemption from withholding under the Internal Revenue Code Section 1445.

1.6 Interim Occupancy of the Boise Lab Site.

On Closing, the Foundation shall execute and deliver to the Forest Service a mutually acceptable lease or occupancy permit for the Forest Service's interim use of the Boise Lab Site until the Date of Occupancy ("Interim Occupancy Agreement"). The form of the Interim Occupancy Agreement agreed upon by the Parties is attached hereto as Exhibit H, which form and the terms thereof shall be superceded by the actual Interim Occupancy Agreement fully and finally executed by the Parties.

2. PURCHASE AND LEASE OF THE BOISE LAB CONDOMINIUM

2.1 General.

2.1.1 Purchase, Sale and Lease. Upon the terms and conditions set forth herein and in consideration of the performance of each of the covenants and promises made herein, the Foundation will cause the ISBA to convey the Boise Lab Condominiums to the Forest Service at the times set forth in Section 2.4.1 below and in accordance with the space and cost allocations established in the transaction analysis attached hereto as Exhibit I, which Exhibit will be amended upon completion of the Final Plans and Specifications (defined in Section 2.3.1) to reflect the square footage of the spaces comprising the Boise Lab Condominiums and costs associated therewith.

2.1.2 Governing Documents. The Forest Service hereby acknowledges, understands and agrees that the Boise Lab Condominiums are subject to the terms of the Declaration of Covenants and Restrictions Establishing a Plan of Condominium Ownership for Civic Plaza Condominiums (the "Civic Plaza Declaration") and the Declaration of Covenants and Restrictions of Condominium Ownership for the Idaho Water Center (the "Idaho Water Center Declaration"), both of which are or will be recorded in the property records of Ada County, Idaho, prior to the Condominium Closing (the "Governing Documents"). The Forest Service's ownership and lease of the Boise Lab Condominiums and its duties in connection therewith, are regulated by the Governing Documents. The Forest Service further understands, acknowledges and agrees that the covenants, conditions and restrictions contained in the Governing Documents run with the land and bind Forest Service and each and every successor in interest. The Foundation reserves the right to revise or amend the Governing Documents exhibited to the Forest Service to the extent reasonable changes may be required by

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002

governmental authorities, lenders, or title insurance companies or are in the reasonable option of the Foundation appropriate or necessary.

2.1.3 Membership in Association. By acquisition of the Boise Lab Condominiums, Forest Service shall become a member of and shall be obligated and entitled to participate in the business of the owners' association(s) as provided for in the Governing Documents. Without limiting the foregoing, Forest Service shall be obligated to pay Forest Service's share of the assessments imposed by the association(s) for the purpose of paying the common expenses of the Idaho Water Center and Avenue A Site, and the expenses of operating the owners' associations.

2.2 Purchase Price; Payment.

2.2.1 Purchase Price. The purchase price for the Boise Lab Condominiums shall be the cost of all of the spaces comprising the Boise Lab Condominiums as set forth in the transaction analysis attached as Exhibit I, amended to reflect the costs associated with the Final Plans and Specifications (the "Condominium Purchase Price"). Payment of the Condominium Purchase Price to the Foundation (or to the ISBA as directed by the Foundation) shall be made as set forth below:

(a) The balance of all funds in the Escrow Account and all draws taken from the Escrow Account pursuant to the Escrow Agreement shall be applied to the Condominium Purchase Price upon the Condominium Closing.

(b) On October ____, 2004 (the "Appropriation Date"), the full amount of appropriations for the purchase of the Boise Lab Condominiums plus any payments of principal under the Forest Service Sublease (defined in Section 2.4.4(b)) through the Appropriation Date shall be applied to the Condominium Purchase Price.

(c) Any balance shall be paid in accordance with the terms of the Forest Service Sublease.

2.2.2 Lease-Purchase Payments. From the Condominium Closing until termination of the Forest Service Sublease, the Forest Service shall lease the portion of the Boise Lab Condominiums that are not conveyed at the Condominium Closing (as set forth in Section 2.4.4(b) hereof). Payments of principal and interest to be made by the Forest Service for the leased condominiums shall be as provided in the transaction analysis attached as Exhibit I, as amended, and the Forest Service Sublease. All principal payments made pursuant to the Forest Service Sublease shall be applied to the Condominium Purchase Price as provided therein and in Section 2.2.1 above.

2.3 Design, Development and Construction of the Boise Lab Condominiums.

2.3.1 Plans and Specifications. The Boise Lab Condominiums are depicted in the design plans and construction documents referenced in the attached exhibit Exhibit J (the "Plans and Specifications"), which Plans and Specifications shall be changed or modified as mutually agreed by the Foundation and the Forest Service in writing prior to

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002

construction of improvements to the Boise Lab Condominiums. Exhibit J to this Agreement shall be amended to reflect the final Plans and Specifications (“Final Plans and Specifications”).

2.3.2 Delivery of Boise Lab Condominiums. The Forest Service shall receive office, lab [*description of spaces*] space built substantially to the Plans and Specifications, subject to such tolerances and deviations as are customary in commercial development in the Treasure Valley geographic area. The Foundation reserves the right make changes or modifications in the detail of the Final Plans and Specifications as are appropriate and necessary to comply with requirements of governmental authorities with jurisdiction and as necessary to manage material shortages or unavailability. Any material changes to the Final Plans and Specifications shall be submitted to the Forest Service for its review and approval, which shall not be unreasonably withheld or delayed.

2.4 Closing.

2.4.1 Time for Closing. The closing of the sale and lease transaction (the “Condominium Closing”) shall take place at the office of the Closing Agent as soon as practicable after, but in no event more than ten (10) days after, the issuance of permits for the occupancy of the Boise Lab Condominiums (the “Condominium Closing Date”). At Closing, the Parties shall deposit in escrow with the Closing Agent all instruments, documents and monies necessary to complete the purchase and sale in accordance with this Agreement. **[Drafting Note: Discuss potential for a single closing in October, but with adjustment to the costs for the April – October gap.]**

2.4.2 Prorations; Closing Costs. Taxes and assessments for the current year, rents, interest, utilities (other than irrigation electrical service) and other items of income and direct expense relating to the Property shall be prorated as of the Condominium Closing Date. The Foundation shall pay one-half (½) of the Closing Agent's escrow fee. The Forest Service shall pay the cost of recording the warranty deed, and one-half (½) of the Closing Agent's escrow fee and the premium for any title insurance policy desired by the Forest Service.

2.4.3 Possession. Forest Service shall be entitled to possession of the Boise Lab Condominiums upon the Condominium Closing in accordance with its interest in the Boise Lab Condominiums as provided herein, the Deeds, the Governing Documents and the Forest Service Sublease.

2.4.4 Conveyance of Title.

(a) Conveyances. At the Condominium Closing and upon each subsequent closing on the Appropriation Date and as provided in the Forest Service Sublease, the Forest Service shall receive special warranty deeds (“Deeds”) from the ISBA, in the form attached hereto as Exhibit K, conveying good and marketable title to those units in the Boise Lab Condominiums identified as provided in Exhibit I, as amended, free and clear of any defects or encumbrances except for the lien of real estate taxes for the current calendar year not yet due and payable, the Governing Documents and any other matters identified on Exhibit L.

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002

(b) Sublease. At the Condominium Closing, the Parties shall execute and deliver a sublease for any portion of the Boise Lab Condominiums not purchased at the Condominium Closing (the 'Forest Service Sublease'). The Forest Service Sublease will provide for a ten (10) year lease, with rent consisting of payments of principal and interest on the balance of the Condominium Purchase Price after the Condominium Closing and with two (2) phased conveyances of certain portions of the leased units (as provided in Exhibit I, as amended) on the Appropriation Date and upon termination of the Forest Service Sublease. The Forest Service Sublease will further contain one or more options to renew in the event the Condominium Purchase Price is not paid within the initial 10-year term, and a process for the final conveyance of less than all of the Boise Lab Condominiums in the event the Forest Service Sublease is terminated prior to full payment of the Condominium Purchase Price. The form of the Forest Service Sublease agreed upon by the Parties is attached hereto as Exhibit M, which form and the terms thereof shall be superceded by the actual Forest Service Sublease fully and finally executed by the Parties.

2.5 Conditions to Closing.

The Parties shall not be obligated to close the purchase and sale of the Boise Lab Condominiums unless on or prior to Condominium Closing each of the following conditions has been met or the Party benefited by any such condition precedent has waived said condition in writing. The Parties agree to cooperate and to execute any documents necessary or convenient to the performance of these conditions.

2.5.1 The Forest Service has received a title commitment for standard owners coverage in the amount of the total cost of the Boise Lab Condominiums as established in Exhibit I showing only the Governing Documents and the exceptions set forth in Exhibit L. The title company shall be prepared to issue upon Closing, an extended coverage owner's policy of title insurance, together with all endorsements reasonably requested by the Forest Service for the purchase of the Boise Lab Condominiums. If a survey is required for issuance of the extended coverage owner's policy, the cost of the surveyor shall be born by the Forest Service.

2.5.2 On or prior to the Closing Date, the ISBA shall have delivered to the Forest Service an affidavit in a form satisfactory to the Forest Service evidencing such party's exemption from withholding under the Internal Revenue Code Section 1445.

3. GENERAL PROVISIONS

3.1 Limitation on Benefit.

No member of Congress, or Resident Commissioner, shall be admitted to any share of this Agreement or to any benefit that may arise therefrom unless it is made with a corporation for its general benefit (18 USC §§ 431, 433).

3.2 Attorneys' Fees.

In the event of any controversy, claim or action being filed or instituted between the Parties to enforce the terms and conditions of this Agreement or arising from the breach of any provision hereof, the prevailing Party will be entitled to receive from the other Party all costs,

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002

damages, and expenses, including reasonable attorneys' fees, incurred by the prevailing Party, whether or not such controversy or claim is litigated or prosecuted to judgment. The prevailing Party will be that Party who was awarded judgment as a result of trial or arbitration and determined to be the prevailing Party by the judge or arbitrator.

3.3 Binding Effect.

This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, legal representatives, successors and assigns.

3.4 Assignment.

None of the Parties may assign its obligations or interests in this Agreement, or in any of the agreements contemplated hereunder (the "Related Agreements") without the prior written consent of the other Parties; provided, however, that the Foundation may assign its obligations and interests in this Agreement and the Related Agreements to the ISBA without the consent of the other Parties, and in such event the Foundation shall be released from all responsibility and any and all claims, demands, losses, costs or damages hereunder or thereunder.

3.5 Headings.

The headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation hereof.

3.6 Additional Acts.

Except as otherwise provided herein, in addition to the acts and deeds recited herein and contemplated to be performed, executed and/or delivered by the Parties, the Parties hereby agree to perform, execute and/or deliver or cause to be performed, executed and/or delivered any and all such further acts, deeds and assurances as any Party hereto may reasonably require to consummate the transaction contemplated hereunder.

3.7 Time of Essence.

All times provided for in this Agreement, or in any other document executed hereunder, for the performance of any act will be strictly construed, time being of the essence.

3.8 Notice.

All notice between the Parties shall be deemed received when personally delivered or when deposited in the United States mail postage prepaid, registered or certified, with return receipt requested, or sent by telegram or mail-o-gram or by recognized courier delivery (e.g. Federal Express, Airborne, Burlington, etc.) addressed to the Parties, as the case may be, at the address set forth below or at such other addresses as the Parties may subsequently designate by written notice given in the manner provided in this section:

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002

Foundation: THE UNIVERSITY OF IDAHO FOUNDATION, INC.
Attn: Executive Director
P.O. Box 443150
Moscow, Idaho 83844-3150

Copy to: Givens Pursley, LLP
Attn: L. Edward Miller
P.O. Box 2720
Boise Idaho 83701

Elam & Burke, P.A.
Attn: Ryan Armbruster
P.O. Box 1539
Boise, Idaho 83701-1539

University: THE REGENTS OF THE UNIVERSITY OF IDAHO
Attn: Vice President of Finance and Administration
P.O. Box 443168
Moscow, Idaho 83844-3168

Copy to: Office of the University Counsel
Attn: Georgia Yuan
P.O. Box 443158
Moscow, Idaho 83844-3158

Forest Service: ROCKY MOUNTAIN RESEARCH STATION
Attn: Marcia Patton-Mallory, Station Director
2150 Centre Avenue, Building A
Fort Collins, CO 80526-1891

Copy to: _____

3.9 Rights and Remedies Cumulative.

Except as otherwise expressly stated in this Agreement or in the Related Agreements, the rights and remedies of the Parties are cumulative, and the exercise by any Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same default or any other default by the other Party. In the event of a default, the Parties have all of the rights and remedies afforded in law or in equity, except as provided herein to the contrary.

3.10 Third-Party Beneficiaries.

Except as expressly provided in this Agreement or in the Related Agreements, the provisions of this Agreement and the Related Agreements are intended solely for the benefit of the Parties and shall create no rights or obligations enforceable by any third party, except as otherwise provided by applicable law.

3.11 Integration; Waivers.

This Agreement and the Related Agreements constitute the entire agreement between the Parties with respect to the matters covered herein and therein and supersedes all prior agreements between them, written or oral. This Agreement and the Related Agreements may be modified only in writing signed by all signatories. Any waivers hereunder or thereunder must be in writing. No waiver of any right or remedy in the event of default hereunder or thereunder shall constitute a waiver of such right or remedy in the event of any subsequent default.

3.12 Severability.

If any term or provision of this Agreement shall, to any extent be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforceable to the fullest extent permitted by law; and it is the intention of the Parties hereto that if any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, the provision shall have the meaning which renders it valid.

3.13 Force Majeure.

Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefore, governmental restrictions, governmental regulations, governmental controls (including extraordinary or unreasonable delays in entitlement review and approvals), enemy or hostile governmental action, civil commotion, fire or other casualty, and other causes beyond the reasonable control of the Party obligated to perform (except for financial ability), shall excuse the performance, except for the payment of money, by such Party for a period equal to any such prevention, delay or stoppage.

3.14 Exhibits.

Each of the Exhibits to this Agreement are incorporated into this Agreement as if the terms thereof were fully set forth herein. This paragraph is not intended as a substitute for approval by the Regents of the University of Idaho of the final terms of the sublease described in Section 2.4.4(b), the form of which is attached as Exhibit M.

[Signature Page Follows]

**BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002**

The Parties have executed this Agreement effective as of the date first set forth above.

“Foundation” THE UNIVERSITY OF IDAHO FOUNDATION, INC.,
an Idaho nonprofit corporation

By: _____

“University” THE REGENTS OF THE UNIVERSITY OF IDAHO,
a constitutional corporation organized and existing under and by
virtue of the Constitution of the State of Idaho,

By: _____
Jerry Wallace, VP of Finance and Administration

“Forest Service” UNITED STATES OF AMERICA, acting by and through the
FOREST SERVICE, DEPARTMENT OF AGRICULTURE

By: _____
Marcia Patton-Mallory
Station Director
Rocky Mountain Research Station
United States Department of Agriculture
Forest Service

THE UNDERSIGNED AUTHORIZED AGENT OF AND SIGNATORY FOR THE IDAHO STATE BUILDING AUTHORITY, acknowledges that he/she has read the foregoing Agreement and understands its terms, and the Idaho State Building Authority hereby agrees to the assumption by it of the obligations of the Foundation and the Idaho State Building Authority as provided therein.

IDAHO STATE BUILDING AUTHORITY,

By: _____

EXHIBIT "A"

Lots 7 through 19, inclusive in Block 1 and Lots 3 through 22, inclusive in Block 6 of PARK VIEW ADDITION, according to the Official Plat thereof, filed in Book 7 of Plats at Page(s) 322, records of Ada County, Idaho.

ALSO a portion of the vacated alley lying Northerly and adjacent to Block 1, as vacated by Ordinances recorded July 26, 1949 as Instrument Nos. 289085 and 289089.

ALSO

COMMENCING at the Southeasterly corner of Lot 7 in Block 1 of PARK VIEW ADDITION to Boise, Ada County, Idaho, and running Westerly along the Northerly line of Broad Street to the Southwesterly corner of Lot 16 in said Block 1; thence Southerly in a straight line to the Northwesterly corner of Lot 12 in said Block 6; thence Easterly along the Southerly line of Broad Street to the Northeasterly corner of Lot 3 in said Block 6; thence Northerly in a straight line to the PLACE OF BEGINNING.

ALSO

That portion of the alley in said Block 6 bounded and described as follows:

COMMENCING at the Southeasterly corner of Lot 3 in said Block 6; thence Westerly along the Northerly line of the alley in said Block 6 to the Easterly line of Avenue B; thence Southerly along the Easterly line of Avenue B to the Southerly line of the alley in said Block 6; thence Easterly along the South line of the alley in said Block 6 to the Northeasterly corner of Lot 22 in said Block 6; thence Northerly in a straight line to the PLACE OF BEGINNING.

All in PARK VIEW ADDITION to Boise City, Ada County, Idaho, according to the Official Plat thereof, filed in Book 7 of Plats at Page(s) 322, records of Ada County, Idaho.

**DESCRIPTION FOR
CIVIC PLAZA CONDOMINIUMS**

A parcel of land being a portion of the Citizen's right-of-way as filed in book 170 of deeds at page 579 records of Ada county, Idaho located in the East ½ of Section 10, T.3N., R.2E., B.M., Boise, Ada county, Idaho more particularly described as follows:

Commencing at a brass cap marking the East 1/4 corner of said Section 10;

thence along the East boundary line of said Section 10 South 01°07'10" West, 862.32 feet to a point on the northerly boundary line of the said Citizen's right-of-way line;

thence leaving the said East boundary line and running along the said northerly boundary line North 56°50'03" West, 66.42 feet to a point on the West right-of-way line of Broadway Avenue as shown on the plans for federal aid project no. De0083(802), said point also being the **REAL POINT OF BEGINNING**;

thence South 01°07'10" West, 84.99 feet;

thence South 14°32'10" West, 11.98 feet;

thence South 05°13'56" West, 66.36 feet;

thence South 01°07'10" West, 139.25 feet;

thence South 01°56'14" West, 13.38 feet;

thence South 51°36'48" West, 45.80 feet;

thence North 67°23'36" West, 22.87 feet to a point on the northerly right-of-way line of West Front Street;

thence along said northerly right-of-way line North 56°51'01" West, 589.46 feet;

thence leaving said northerly right-of-way line North 35°13'30" East, 319.50 feet;

thence South 56°50'03" East, 454.12 feet to the **REAL POINT OF BEGINNING**, containing 4.03 acres, more or less.

Prepared by:
HUBBLE ENGINEERING, INC.

Gregory G. Carter, P.L.S.

SEC. 350. Notwithstanding section 351 of section 101(e) of division A, Public Law 105-277, the Indian Health Service is authorized to provide additional contract health service funds to Ketchikan Indian Corporation's recurring budget for hospital-related services for patients of Ketchikan Indian Corporation and the Organized Village of Saxman.

SEC. 351. (a) SHORT TITLE.—This section may be cited as the "Boise Laboratory Replacement Act of 2000".

(b) FINDINGS AND PURPOSE.—

(1) FINDINGS.—Congress finds that—

(A) the existing facilities of the Rocky Mountain Research Station Boise laboratory are outdated and no longer serve as a modern research facility;

(B) the Boise laboratory site is in the heart of a Boise city redevelopment zone, and the existing laboratory facilities detract from community improvement efforts;

(C) it is desirable to colocate the Boise laboratory with 1 of the State institutions of higher learning in the Boise metropolitan area—

(i) to facilitate communications and sharing of research data between the agency and the Idaho scientific community;

(ii) to facilitate development and maintenance of the Boise laboratory as a modern, high quality research facility; and

(iii) to reduce costs, better use assets, and better serve the public; and

(D) it is desirable to make the Boise laboratory site available for inclusion in a planned facility that is being developed on adjacent property by the University of Idaho or the University of Idaho Foundation, a not-for-profit corporation acting on behalf of the University of Idaho, as a multiagency research and education facility to serve various agencies and educational institutions of the United States and the State.

(2) PURPOSE.—The purpose of this section is to authorize the Secretary—

(A) to sell or exchange the land and improvements currently occupied by the Boise laboratory site; and

(B) to acquire land, facilities, or interests in land and facilities, including condominium interests, to colocate the Rocky Mountain Research Station Boise laboratory with 1 of the State institutions of higher learning in the Boise metropolitan area, using—

(i) funds derived from sale or exchange of the existing Boise laboratory site; and

(ii) to the extent the funds received are insufficient to carry out the acquisition of replacement research facilities, funds subsequently made available by appropriation for the acquisition, construction, or improvement of the Rocky Mountain Research Station Boise laboratory.

(c) DEFINITIONS.—In this section:

(1) BOISE LABORATORY SITE.—The term "Boise laboratory site" means the approximately 3.26 acres of land and all im-

provements in section 10, T. 3 N., R. 2 E., Boise Meridian, as depicted on that Plat of Park View Addition to Boise, Ada County, Idaho, labeled "Boise Lab Site—May 22, 2000", located at 316 East Myrtle Street, Boise, Idaho.

(2) **CONDOMINIUM INTEREST.**—The term "condominium interest" means an estate in land consisting of (in accordance with law of the State)—

(A) an undivided interest in common of a portion of a parcel of real property; and

(B) a separate fee simple interest in another portion of the parcel.

(3) **FAIR MARKET VALUE.**—The term "fair market value" means the cash value of land on a specific date, as determined by an appraisal acceptable to the Secretary and prepared in accordance with the Uniform Appraisal Standards for Federal Land Acquisitions.

(4) **SECRETARY.**—The term "Secretary" means the Secretary of Agriculture.

(5) **STATE.**—The term "State" means the State of Idaho.

(d) **SALE OR EXCHANGE OF BOISE LABORATORY SITE.**—

(1) **IN GENERAL.**—The Secretary may, under such terms and conditions as the Secretary may prescribe and subject to valid existing rights, sell or exchange any or all right, title, and interest of the United States in and to the Boise laboratory site.

(2) **RIGHT OF FIRST REFUSAL.**—

(A) **IN GENERAL.**—After a determination of fair market value of the Boise laboratory site is approved by the Secretary, the University of Idaho or the University of Idaho Foundation, a not-for-profit organization acting on behalf of the University of Idaho, shall be allowed 210 days from the effective date of value to exercise a right of first refusal to purchase the Boise laboratory site at fair market value.

(B) **COOPERATIVE DEVELOPMENT.**—If the University of Idaho or the University of Idaho Foundation exercises the right of first refusal under paragraph (A), to accomplish the purpose described in section (b)(2)(B), the Secretary shall, to the maximum extent practicable, cooperate with the University of Idaho in the development of a multi-agency research and education facility on the Boise laboratory site and adjacent property.

(3) **SOLICITATION OF OFFERS.**—If the right of first refusal described in subsection (d)(2) is not exercised, the Secretary may solicit offers for purchase through sale or competitive exchange of any and all right, title, and interest of the United States in and to the Boise laboratory site.

(4) **CONSIDERATION.**—Consideration for sale or exchange of land under this subsection—

(A) shall be at least equal to the fair market value of the Boise laboratory site; and

(B) may include land, existing improvements, or improvements to be constructed to the specifications of the Secretary, including condominium interests, and cash, notwithstanding section 206(b) of Federal Land Policy and Management Act of 1976 (43 U.S.C. 1716(b)).

(5) *REJECTION OF OFFERS.*—The Secretary may reject any offer made under this subsection if the Secretary determines that the offer is not adequate or not in the public interest.

(e) *DISPOSITION OF FUNDS.*—

(1) *DEPOSIT OF PROCEEDS.*—The Secretary shall deposit the proceeds of a sale or exchange under subsection (d) in the fund established under Public Law 90-171 (16 U.S.C. 484a) (commonly known as the "Sisk Act").

(2) *USE OF PROCEEDS.*—Funds deposited under subsection (a) shall be available to the Secretary, without further Act of appropriation, for—

(A) the acquisition of or interest in land, or the acquisition of or construction of facilities, including condominium interests—

(i) to colocate the Boise laboratory with 1 of the State institutions of higher learning in the Boise metropolitan area; and

(ii) to replace other functions of the Boise laboratory; and

(B) to the extent the funds are not necessary to carry out paragraph (A), the acquisition of other land or interests in land in the State.

TITLE IV—WILDLAND FIRE EMERGENCY APPROPRIATIONS

DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

WILDLAND FIRE MANAGEMENT

For necessary expenses for fire suppression operations, burned areas rehabilitation, hazardous fuels reduction, and rural fire assistance by the Department of the Interior, \$353,740,000 to remain available until expended, of which \$21,829,000 is for hazardous fuels reduction, \$120,300,000 is for removal of hazardous fuels to alleviate immediate emergency threats to urban wildland interface areas as defined by the Secretary of Interior, \$116,611,000 is for wildfire suppression, \$85,000,000 is for burned areas rehabilitation, and \$10,000,000 is for rural fire assistance: Provided, That using the amounts designated under this title of this Act, the Secretary of the Interior may enter into procurement contracts, grants, or cooperative agreements, for hazardous fuels reduction activities, and for training and monitoring associated with such hazardous fuels reduction activities, on Federal land, or on adjacent non-Federal land for activities that benefit resources on Federal land: Provided further, That the costs of implementing any cooperative agreement between the Federal government and any non-Federal entity may be shared, as mutually agreed on by the affected parties: Provided further, That in entering into such grants or cooperative agreements, the Secretary may consider the enhancement of local and small business employment opportunities for rural communities, and that in entering into procurement contracts under this section on a best value basis, the Secretary may take into account the ability of an entity to enhance local and small business employment opportunities in rural communities, and that the Secretary may award pro-

nbbj
 377 South Jackson Street
 Boise, Idaho 83725
 Phone: 208.333.2300

SM
 200 S. Grove Street
 Boise, Idaho 83725
 Phone: 208.333.2300

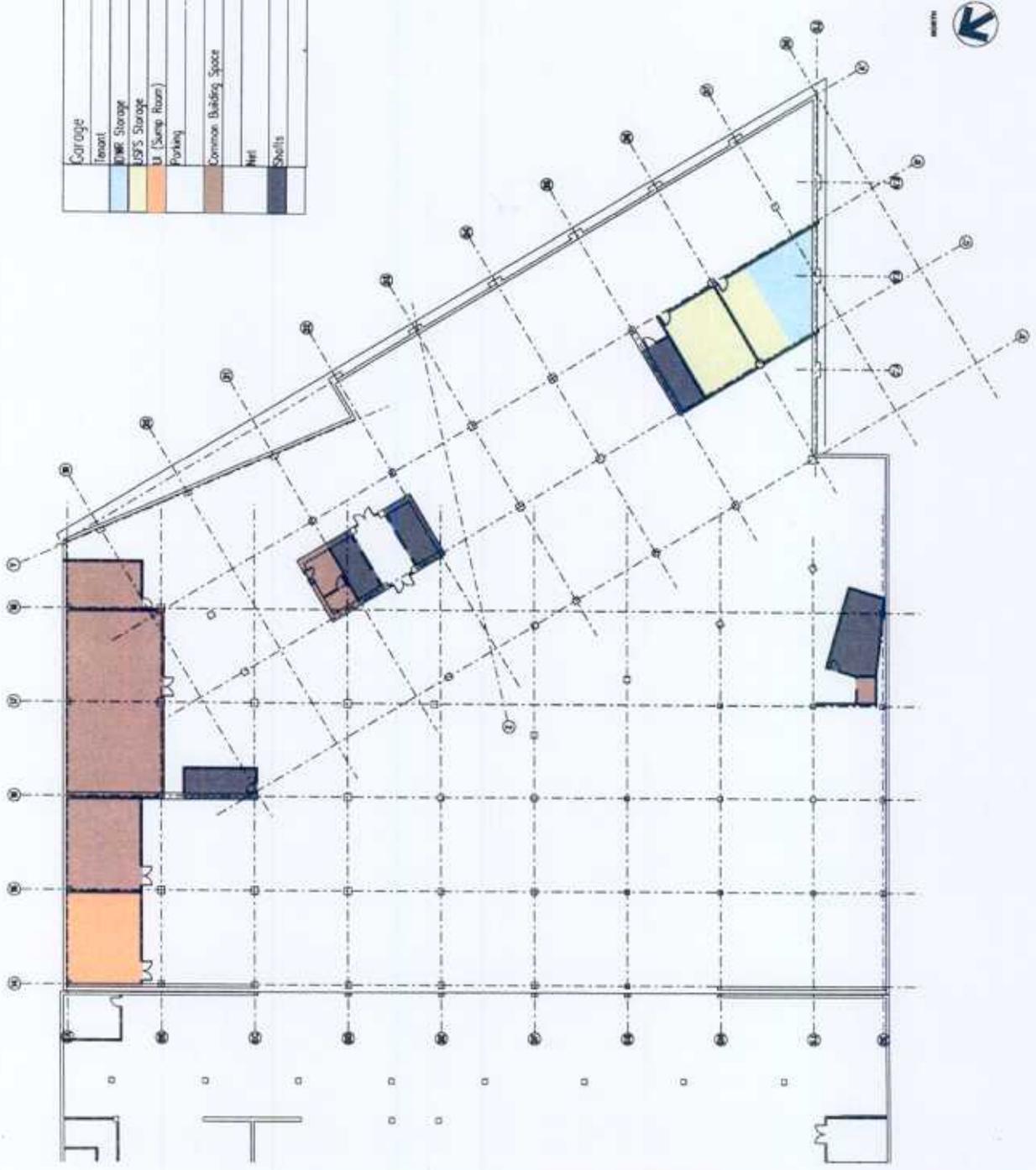
Idaho Water Center
 One Premier Idaho, Inc.
 250 East First Street
 Boise, Idaho

Tenant Area Diagrams

Tenant	
Area	
Net	
Shells	
Common Building Space	
Parking	
U3 (Sump Room)	
U2'S Storage	
U1'S Storage	
Tenant	
Garage	

Garage

Tenant	Area (sf)
Garage	500
Tenant	1,000
U1'S Storage	722
U2'S Storage	48,043
Parking	3,075
Common Building Space	53,340
Net	1,340
Shells	



SCALE

nbbj
11 South Avenue, Suite 200
Boise, Idaho 83725
Tel: (208) 333-3300

SCM

100 S. Myrtle Street
Boise, Idaho 83725

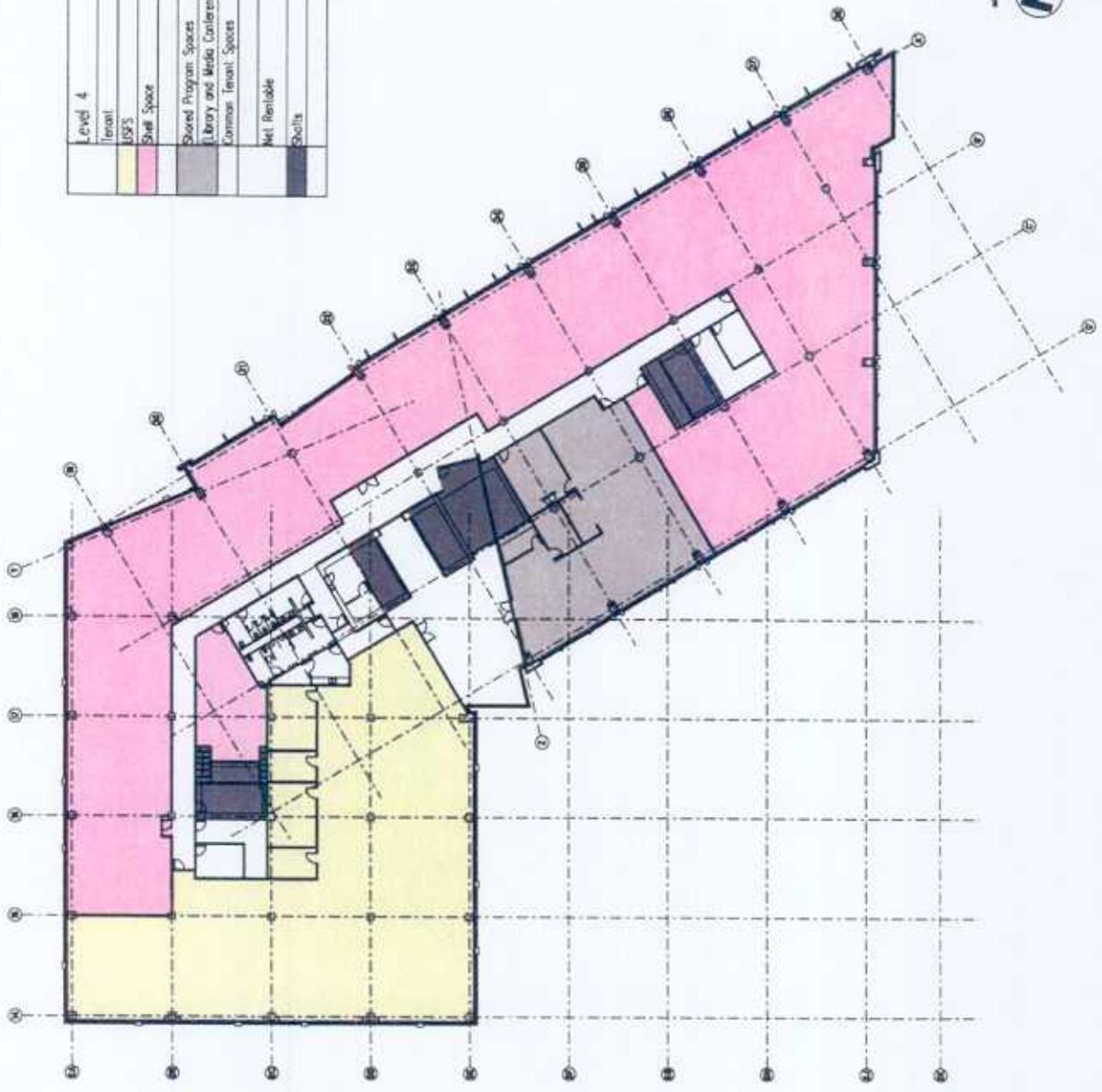
Idaho Water Center
220 First Street
Boise, Idaho

Tenant Area Diagrams

No.	
Date	
Scale	
Drawn by	
Checked by	
Approved by	

Level 4

Level 4		Area (sf)
Tenant		8,850
Shell Space		17,128
Shared Program Spaces (Library and Media Conference)		3,198
Common Tenant Spaces		5,633
Net Rentable		34,810
Columns		1,775



nbbj
 11 South Avenue Street
 Boise, Idaho 83725
 Phone: (208) 333-1200

SM
 200 S. Grove Street
 Boise, Idaho 83725
 Phone: (208) 333-7800

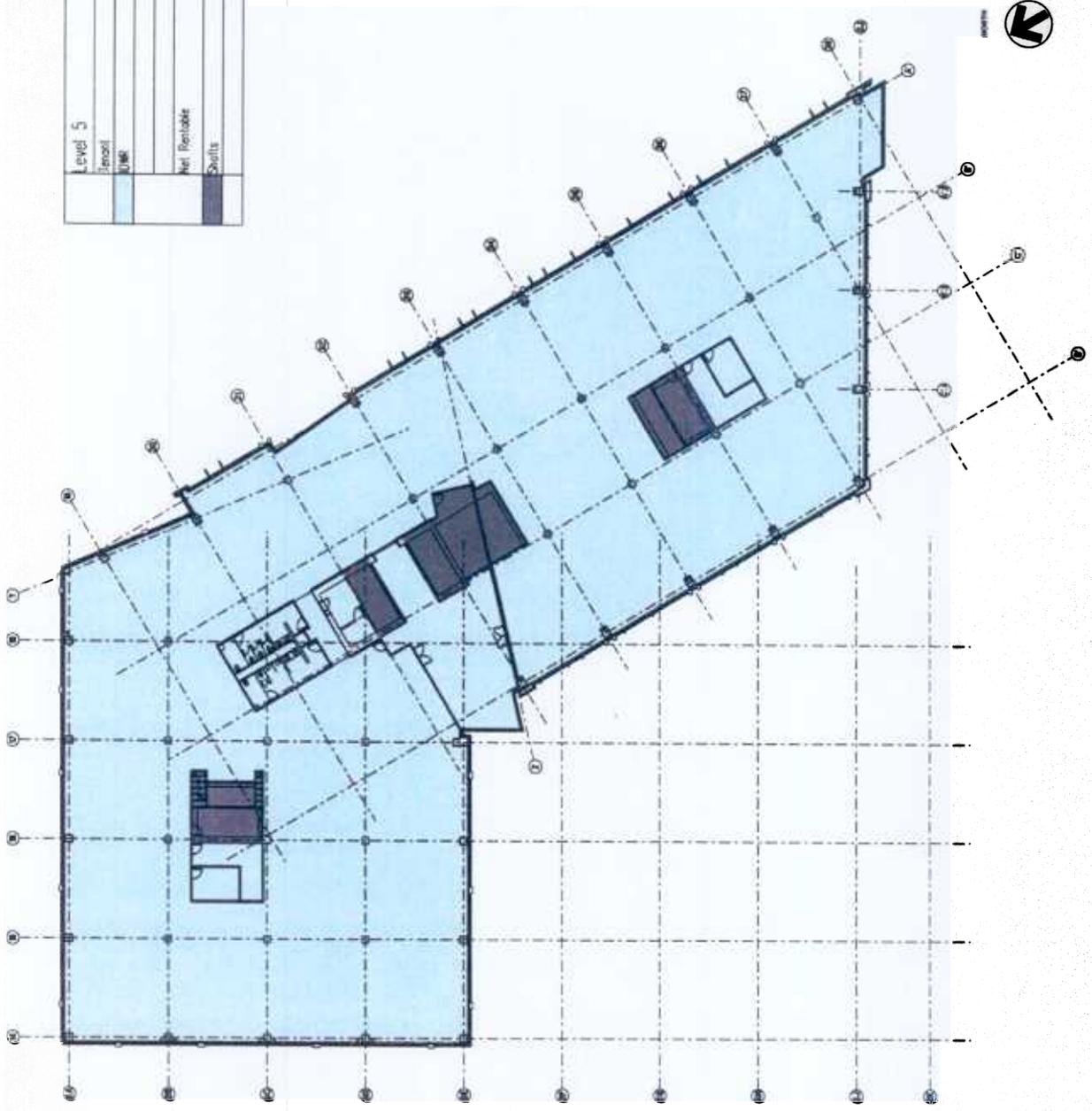
Idaho Water Center
 One Partners Idaho, Inc.
 250 East Front Street
 Boise, Idaho

Revised Area Diagrams

Area	Area (sq ft)
Level 5	34,733
Net Rentable	34,733
Shell	1,853

Level 5

Level 5	
Shell	Area (sq ft)
UMS	34,733
Net Rentable	34,733
Shell	1,853



nbbj
11 South Jackson Street
Boise, Idaho 83725
Tel: 208-333-1000
Fax: 208-333-1001

SM
200 N. Myrtle Street
Boise, Idaho 83725
Tel: 208-333-7808

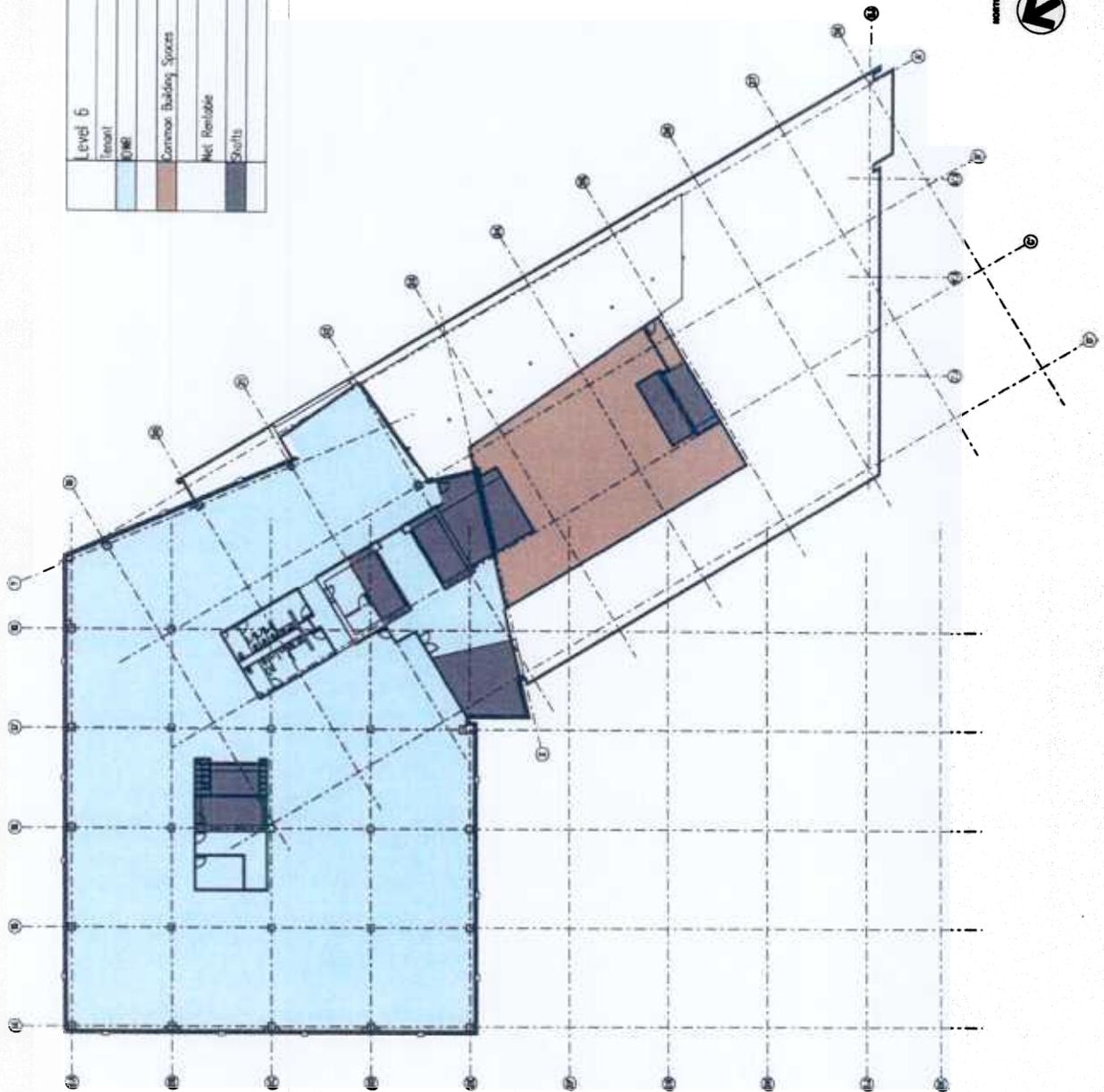
The Partner With You
Idaho Water Center
250 East First Street Boise, Idaho

Tenant Area Diagram

No. in	
Area	
Net	
Shell	
Other	
Total	

Level 6

Level 6	Area (sf)
Tenant	19,392
Shell	3,270
Net Rentable	22,662
Shell	2,291



SCALE



BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002

AFTER RECORDING RETURN TO:

QUITCLAIM DEED

FOR VALUE RECEIVED THE UNITED STATES OF AMERICA, acting by and through the FOREST SERVICE, DEPARTMENT OF AGRICULTURE (“Grantor”) does hereby convey, release, remise and forever quit claim unto THE UNIVERSITY OF IDAHO FOUNDATION, INC., an Idaho nonprofit corporation (“Grantee”), whose current address is

_____, all of Grantor’s right, title and interest in and to the real property situated in Ada County, Idaho, more particularly described in the attached Exhibit A made a part hereof.

TO HAVE AND TO HOLD said premises, together with its appurtenances unto the Grantee, its successors and assigns, forever.

IN WITNESS WHEREOF, Grantor has caused its name to be hereunto subscribed this _____ day of August, 2002.

UNITED STATES OF AMERICA, acting by
and through the FOREST SERVICE,
DEPARTMENT OF AGRICULTURE

By: _____
Marcia Patton-Mallory
Station Director
Rocky Mountain Research Station
Unites States Department of Agriculture
Forest Servic e

EXHIBIT F

**ESCROW AGREEMENT FOR THE
BOISE LAB SITE PURCHASE PRICE**

[To be Drafted]

TITLEONE CORPORATION

Authorized agent for:

UNITED GENERAL TITLE INSURANCE COMPANY

Commitment Number: A029226 ST/KF

Revised: July 16, 2002

SCHEDULE B - SECTION II EXCEPTIONS

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the company:

1. Rights or claims of parties in possession not shown by the public records.
2. Encroachments, overlaps, boundary disputes, and any other matters which would be disclosed by an accurate survey or inspection of the premises including, but not limited to, insufficient or impaired access or matters contradictory to any survey plat shown by the public records.
3. Easements, or claims of easements, not shown by the public records.
4. Any lien, or right to a lien, for services, labor, or materials heretofore or hereafter furnished, imposed by law and not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims to title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the public records.
6. Taxes or special assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices to such proceedings whether or not shown by the records of such agency, or by the public records.
7. Taxes, including any assessments collected therewith, for the year 2002 which are a lien not yet due and payable.

NOTE: Taxes for the year 2001 are paid in full.
Parcel Number: R8860008040 Code Area: 01
Original Amount: \$0.00

NOTE: Taxes for the year 2001 are paid in full.
Parcel Number: R8860018040 Code Area: 01-54
Original Amount: \$0.00
8. The land described herein is located within the boundaries of Boise City (208-384-3735) and is subject to any assessments levied thereby.

TITLEONE CORPORATION

Authorized agent for:

UNITED GENERAL TITLE INSURANCE COMPANY

Commitment Number: A029226 ST/KF

Revised: July 16, 2002

SCHEDULE B - SECTION II

EXCEPTIONS

(Continued)

9. Mineral and Mineral Rights, as conveyed to Union Pacific Land Resources Corporation, by Mineral Deed recorded and re-recorded October 31, 1990 as Instrument Nos. 9059024 and 9059121, records of Ada County, Idaho.

10. An easement for the purpose shown below and rights incidental thereto as set forth in a document.
Granted to: Idaho Power Company, an Idaho corporation
Purpose: Public Utilities
Recorded: July 21, 2000
Instrument No.: 100056891

11. An easement for the purpose shown below and rights incidental thereto as set forth in a document.
Granted to: Idaho Power Company, an Idaho corporation
Purpose: Public Utilities
Recorded: July 11, 2001
Instrument No.: 101068945

12. Easements, reservations, restrictions, and dedications as shown on the official plat of Civic Plaza Condominiums (TO BE RECORDED).

13. Declaration of Covenants and Restrictions, but omitting any covenant or restriction based on race, color, religion, sex, handicap, familial status, or national origin, unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons as set forth in the document.
Recorded: TO BE RECORDED
Instrument No.: TO BE RECORDED

**BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002**

EXHIBIT H

INTERIM OCCUPANCY AGREEMENT FOR BOISE LAB SITE

[To be Drafted]

EXHIBIT I
Transaction Analysis
 (page 1/5)

Forest Service Net Square Feet ("NSF")* Calculations (January 9, 2002 Analysis)		Total IWC Sq. Ft. *	USFS Sq. Ft. *	USFS Percentage
Space Type				
Office/Admin/Lab Support Space			18,973	
Laboratory Space			4,503	
Total NSF in Idaho Water Center ("IWC")		203,946	23,476	11.51%
Building Construction Cost (IP.IWC Business Plan(07-2-02).xls)				
Type of Space	Const. Costs/sq. ft.		USFS Sq. Ft.	Total Cost
Office / Administration	\$120.29 (\$30/sq. ft. TI)		18,973	\$ 2,282,201
Laboratory Space	\$213.30 (\$158/sq. ft. TI)		4,503	\$ 960,488
Total Building Construction Cost				\$ 3,242,689
Land, Development, Landscaping & Design Costs				
Item		Total Cost		USFS Share
Land	\$	3,658,000	\$	421,068
Pedestrian Spine/Landscaping		2,296,760		264,378
Development		5,352,419		616,111
Design (A/E Services)		5,463,340		628,879
Total Land, Development, Landscaping & Design Costs		\$ 16,770,519		\$ 1,930,436
Total Costs before Closing and Capitalized Interest:				\$ 5,173,125
Bond Financing Costs:				
Bond closing costs estimated at:	4.30%		\$	222,444
Capitalized Interest during construction period:				
Total Costs (ISBA Bond Sizing 6/21/02:)		\$	44,576,859	
USFS Portion of Costs from Above:		\$	5,173,125	
USFS as Percentage of Total:			11.60%	
Total Capitalized Interest (ISBA Bond Sizing 6/21/02:)		\$	3,533,362	
USFS Portion of Capitalized Interest at: 11.60%		\$	410,045	\$ 410,045
Total Bond Financing Costs:				\$ 632,489
Total Costs after Closing and Capitalized Interest:				\$ 5,805,614
Initial Payment (Appraisal of Forest Service Parcel, January 1, 2002):**				\$ (2,925,000)
Total Costs to be Financed:				\$ 2,880,614
Monthly Payments through October 1, 2004, assuming 30 years at:***				
	5.30% (Average Bond Interest Rate)			
	Principal:	23,234.78		
	Interest:	88,695.77		
	Total:	111,930.56	\$	(23,235)
Balance at end of first year (Total Financed Costs less principal portion of first payment):				\$ 2,857,380
Additional Payment (October, 2004 Appropriation):****				\$ (1,800,000)
Remaining Costs to be Financed:				\$ 1,057,380
Monthly Payment, remaining 29 Years at: 5.30% (Average Bond Interest Rate)				
				\$ 5,917

* NSF constitutes all of the office, administrative, lab support and laboratory space comprising the Boise Lab Condominiums, inclusive of the condominium units (approximately 16,893 sq. ft. of unit space) and all common space (approximately 6,583 sq. ft. of common space) associated therewith. The 23,476 square feet represents the NSF for purposes of cost analysis and pricing, and not for purposes of allocating ownership of condominium units. The Boise Lab Condominiums to be conveyed and leased shall consist of the approximately 16,893 square feet of exclusive use space.

** The appraisal for the Boise Lab Site will be updated immediately prior to the closing of the Boise Lab Site purchase and sale.

*** The annual payments assume a Condominium Closing Date on April 1, 2004. This Exhibit I will be amended to reflect the actual Condominium Closing Date upon such time as it is determined.

**** The amount shown for the October, 2004 Appropriation is the anticipated appropriation. This Exhibit I will be amended to reflect the actual amount of the appropriation upon such time as it is determined.

EXHIBIT I
Transaction Analysis
(continued page 2/5)

A. On the Condominium Closing, the Forest Service will make the initial payment shown in the preceding spreadsheet (or this amount will have been drawn from the Escrow Account and allocated to the Condominium Purchase Price). On the Appropriation Date, the Forest Service will make an additional payment in the amount shown in the preceding spreadsheet. The following shows the portion of the Boise Lab Condominiums that will be purchased for such payments and the lease payments required for ownership of the remaining Boise Lab Condominiums. The designation of condominium units that will be conveyed upon each of the payments and upon conclusion of the Forest Service Sublease will be determined as provided in paragraphs B and C of this Exhibit I. *

NSF Purchased w/Initial Payment	50.382%
NSF Purchased w/Second Payment	31.405%
NSF Purchased at end of 30 Years (Lease to Own)	18.213%
Total NSF Owned at end of 30 Years:	100.000%

	Initial Period	Remaining Periods
Total Annual Payment	\$191,880	\$71,004
NSF Leased to Own:	11,648	4,276
Annual Lease Payment per NSF:	\$16.47	\$16.61

B. Upon the payments shown in this Exhibit I, the Forest Service will be conveyed condominium units in accordance with the following schedule and as approximately depicted on the floor plans included as pages 3 through 5 of this Exhibit I, designated therein as the "Initial Conveyance," the "October 2004 Conveyance," and the "Final Conveyance."

	Lab			
	Lab	Support	Office	Administrative
Condominium Closing	_____ %	_____ %	_____ %	_____ %
Appropriation Date	_____ %	_____ %	_____ %	_____ %
Payment of Balance	_____ %	_____ %	_____ %	_____ %

C. In the event the Forest Service Sublease is terminated prior to the purchase by the Forest Service of all of the Boise Lab Condominiums, the portion of the Boise Lab Condominiums purchased up to and including the date of termination will be calculated as provided in this Exhibit I based on a percentage basis. The designation of the condominium units to be conveyed upon termination of the Forest Service Sublease will be determined in accordance with the terms of such lease.

* The condominium units that will be conveyed for each of the payments and on conclusion of the Forest Service Sublease are comprised of the approximately 16,893 square feet of exclusive use space.

**BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002**

EXHIBIT J

PLANS AND SPECIFICATIONS FOR THE BOISE LAB CONDOMINIUMS

AFTER RECORDING RETURN TO:

EXHIBIT K

SPECIAL WARRANTY DEED

FOR VALUE RECEIVED

IDAHO STATE BUILDING AUTHORITY, an independent public body corporate and politic of the State of Idaho ("Grantor"), does hereby grant, ~~convey and warrant and convey~~ unto THE UNITED STATES OF AMERICA, acting by and through the FOREST SERVICE, DEPARTMENT OF AGRICULTURE ("Grantee"), whose current address is _____, the following real property located in Ada County, Idaho:

CONDOMINIUM UNIT NO. _____, as shown on the Condominium Map for the IDAHO WATER CENTER appearing in the Records of Ada County, Idaho as Instrument No. _____, according to the Official Plat thereof, filed in Book _____ of Plats at Pages _____ thru _____, Records of Ada County, Idaho, and as defined and described in the Declaration of Covenants, Conditions and Restrictions for the _____, Recorded in the records of Ada County, Idaho, as Instrument No. _____, as the same may be amended or supplemented.

Together with an undivided interest in the common area as provided for, on the Plat of IDAHO WATER CENTER, filed in Book _____ of Plats at Pages _____ thru _____, Records of Ada County, Idaho ~~(the "Premises").~~

hereinafter referred to as the "Premises".

TO HAVE AND TO HOLD the said Premises, with its appurtenances unto the said Grantee and its heirs and assigns forever. Grantor, for itself, its heirs, successors and assigns, does hereby covenant to and with Grantee, that Grantor is the owner in fee simple of the Premises; that ~~the Premises are free from all encumbrances~~ Grantor has not created any liens, claims and encumbrances against the Premises EXCEPT those to which this conveyance is expressly made subject and those made, suffered or done by Grantee, and subject to reservations, restrictions, dedications, easements, rights of way and agreements, if any, of record all as described on Exhibit A attached hereto and made a part hereof; and general taxes and assessments, if any, for the current year, which are not yet due and payable; ~~and that Grantor will warrant and defend the same forever from all other lawful claims whatsoever.~~

IN WITNESS WHEREOF, Grantor has duly executed this instrument effective this _____ day of July, 2002.

IDAHO STATE BUILDING AUTHORITY,

By: _____
V.L. Bud Tracy, Chairman

STATE OF IDAHO)
) ss.
County of Ada)

On this _____ day of _____, 200____, before me, the undersigned, a Notary Public in and for the State of Idaho, personally appeared V.L. Bud Tracy, known or identified to me to be the Chairman of the Idaho State Building Authority, the corporation that executed the within instrument, or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

Notary Public for _____
Residing at: _____
My commission expires: _____

EXHIBIT A

EXCEPTIONS

All matters of record including, but not limited to, the Declaration of Covenants and Restrictions Establishing a Plan of Condominium Ownership for the Civic Plaza Condominiums and those matters shown on the Civic Plaza Condominium Plat, and the Declaration of Covenants and Restrictions of condominium Ownership for the Idaho Water Center and those matters shown on the Idaho Water Center Plat.

[LIST OF EXCEPTIONS FROM SCHEDULE B OF THE TITLE COMMITMENT]

**BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002**

EXHIBIT L

EXCEPTIONS TO TITLE – BOISE LAB CONDOMINIUMS

**BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002**

EXHIBIT M

FOREST SERVICE SUBLEASE

[To be Drafted]

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**BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002**

**INSTITUTION / AGENCY AGENDA
IDAHO SCHOOL FOR THE DEAF AND THE BLIND**

AUDITS AND FINANCIAL REPORTS

ISDB submits the attached record of the Student Activity Funds for Board review.
STUDENT ACTIVITY FUNDS AS OF JULY 25, 2002. BELOW LISTING OF
STUDENT ACTIVITY FUNDS IS A REPORT SUBMITTED TO STATE BOARD
OF EDUCATION IN ACCORDANCE WITH IDAHO CODE 33-705.

	BAL-06/12/02	BAL-07/25/02	INC/(DEC)
SALES TAX	94.43	34.57	-59.86
ATHLETICS	7,725.91	7,725.91	0.00
WSBC	4,615.47	4,615.47	0.00
ATHLETIC APPAREL	79.23	79.23	0.00
GIRLS SOCCER FUND	232.04	0.00	-232.04
CHEERLEADING	415.37	415.37	0.00
M.S. CHEERLEADING	70.00	70.00	0.00
CLASS OF 2002	68.00	0.00	-68.00
CLASS OF 2003	1,548.43	1,616.43	68.00
CLASS OF 2004	140.68	140.68	0.00
CLASS OF 2005	211.22	211.22	0.00
MAINT. BREAK ROOM	85.53	56.61	-28.92
COTTAGE FUND	313.07	313.07	0.00
ELEM ACTIVITIES	61.65	61.65	0.00
PARENTS ADVISORY COM	168.61	168.61	0.00
M.S. STUDENT COUNCIL	36.63	36.63	0.00
H.S. STUDENT COUNCIL	812.12	812.12	0.00
JOURNALISM	584.98	584.98	0.00
ED STAFF POP MACHINE	1,106.40	1,084.63	-21.77
HEALTH & WELLNESS	201.00	201.00	0.00
STUDENT ACT. FUND	5,696.03	5,935.57	239.54
WORK EXPERIENCE	67.17	67.17	0.00
RAPTOR JAVA (NEW)	462.52	462.52	0.00
STUDENT BOOK CLUB	136.10	186.10	50.00
ACCELERATED READER	69.22	69.22	0.00
DRAMA FUND	36.92	36.92	0.00
ADVENTURERS	116.09	116.09	0.00
SUMMER DEAF CAMP	6,189.41	5,836.61	-352.80
ART FUND	276.52	276.52	0.00
YEARBOOKS	2,232.44	-504.60	-2,737.04
LIONS WINTER CAMP	2.17	2.17	0.00
HRG AID MOLD & REPAIRS	183.39	297.39	114.00
HA GIFT F/HRG CM TCH	68.58	68.58	0.00
PERSONAL STUDENT ACCT	495.02	290.63	-204.39
STUDENT AID	<u>852.27</u>	<u>1,270.55</u>	<u>418.28</u>
TOTALS	\$35,454.62	\$32,639.62	-\$2,815.00

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BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002

SUBJECT

Approval of FY04 Maintenance of Current Operations Operating Budget Request

BACKGROUND

The Board must submit an approved budget request to the Division of Financial Management and the Legislative Service Office – Budget and Policy Analysis by September 1 of each year in order for the requests to be considered in developing the Governor’s Recommendations and the Joint Finance/Appropriations Committee hearings. The timetable for developing the budget request and other key dates are displayed on TAB 4. The process began with a discussion of general request guidelines in April, which were approved in May (TAB 4). The process of developing a request consists of two parts, the maintenance of current operations (MCO) requests and the enhancement requests. The MCO request is developed using the State of Idaho Budget Development Manual and Board policy (TAB 4). The MCO request consists of calculations on the budget base and on established criteria.

DISCUSSION

The MCO request is based on calculations detailed in the Budget Development Manual and in Board policy. The institutions and agencies are in the process of making the calculations to generate the MCO request. Since these are calculations, the development of the MCO budget can be delegated to the institutions and agencies with OSBE staff review.

IMPACT

The MCO budget request establishes the funding level needed to maintain operations for FY04. It allows the institutions and agencies to lobby the Governor and legislators for additional funds for approved requests.

STAFF COMMENTS

The MCO request is based on State guidelines and Board policy. Some of the request areas are being developed as information becomes available. The MCO requests will be developed according to State guidelines and Board policy.

BOARD ACTION

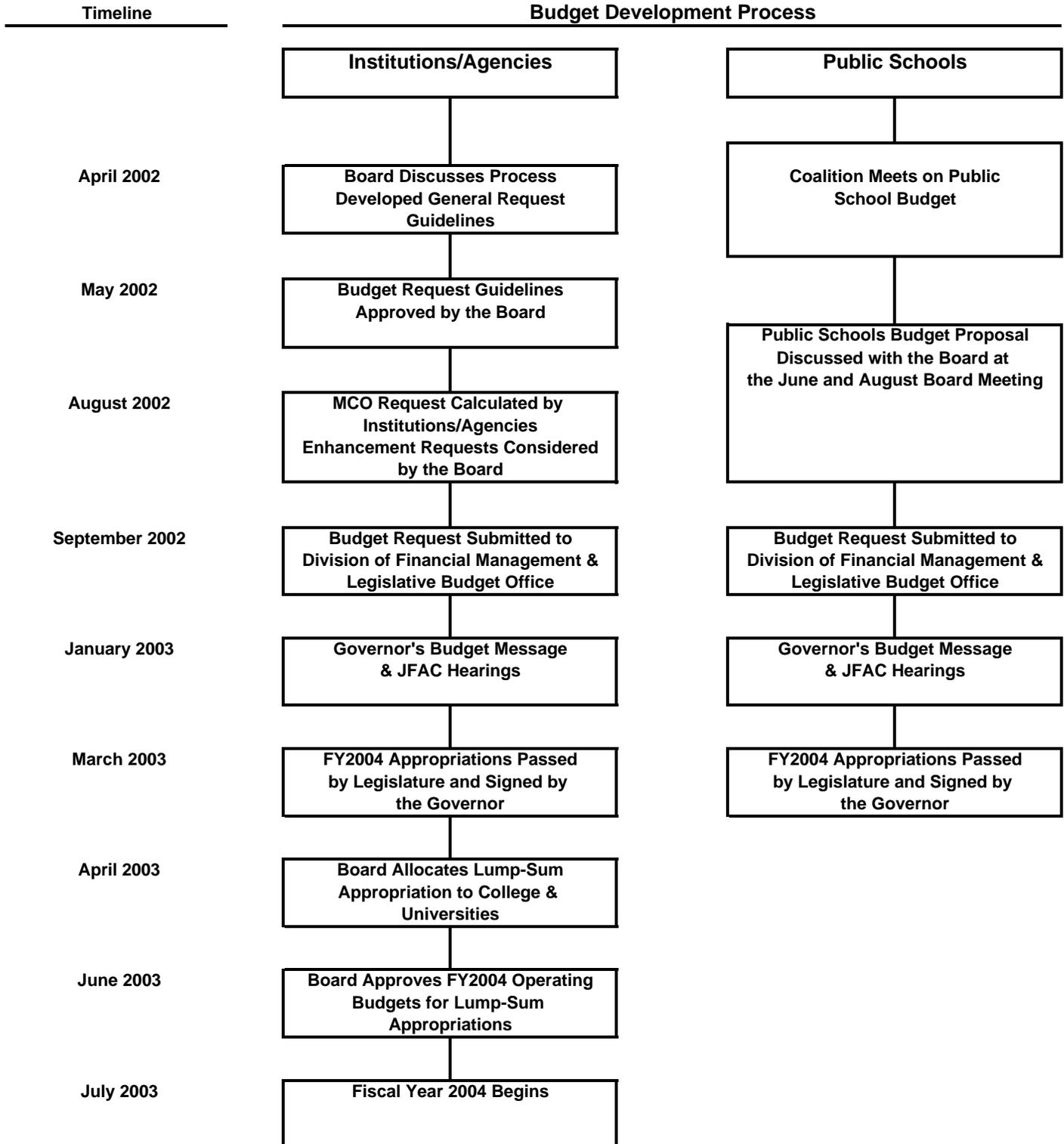
A motion to delegate to the institutions, agencies, and staff the development of the FY04 Maintenance of Current Operations budget request as outlined in the Budget Development Manual and Board policy

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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State Board of Education

FY2004 Budget Request Development



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BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002

State Board of Education
FY 2004 Budget Request Guidelines

MS (Manning/Hammond): That the Board instruct staff to prepare an FY 2004 budget request for all agencies and institutions of the Board according to the following guidelines:

Personnel Benefit Increases	Calculated per the Division of Financial Management's Budget Development Manual.
Inflationary Increases	Use a general inflationary increase of 2.4%, or a 4.0% medical inflationary increase in Operating Expenditures and/or Trustee and Benefits, per DFM.
Replacement Items	Cost of replacing operating expenditure and capital outlay items, per DFM.
Change in Employee Compensation (CEC)	Calculate using 1% multiplier, per DFM.
Interagency Non-Standard Adjustments	Includes fees for: State Controller Office, State Treasurer, Attorney General, risk management, refactored classes, building services space charges by the Department of Administration and all other lease or rent increases, per DFM.
External Non-Standard Adjustments	Maintain current operations due to: occupancy of new buildings, enrollment changes, increases utility costs and separate inflationary factor for library books and periodicals and all per DFM.
Fund Shift	Shift cost of Maintenance of Current Operations (MCO) costs from student fees and endowment funds to General Fund, as allowed by DFM.

When in doubt, the Board Office, the Division of Financial Management's Budget Development Manual or DFM staff should be consulted regarding calculations and/or amounts.

Agencies and institutions should not prepare any budget enhancement requests unless directed by the Budget and Human Resources (BAHR) committee of the State Board of Education. The full Board would then determine if such requests would be put forth as the official request of the State Board of Education.

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002

The DFM Budget Manual specifically states that any agency requesting restoration funds for something that was included in a negative supplemental or base reduction must use an enhancement, not Maintenance, decision unit for restoration.

Agencies and institutions of the Board must also provide to the Board the programmatic effect of operating at 95% of the FY 2004 Maintenance of Current Operations budget (General Funds), prepared using the above guidelines.

The motion carried unanimously. The Board clarified that this direction is similar to what has occurred for the past several years, that the DFM Manual guidelines are what will be used for all state agencies, and that if there are problems as Board organizations begin development under these guidelines, the Board will hear from them at their next regular meeting.

State Board of Education

FY2004 Budget Request Development Steps

FY2004 Budget Base

FY03 Operating Budget less One-Time Funding

Maintenance of Current Operations (MCO) Requests:

Calculated Per Budget Development Manual:

Personnel Benefit Cost Roll-ups:

Changes to FICA Rates, Retirement Rates, Health Insurance Premium, Unemployment Insurance, etc.
Rates provided by Budget Development manual

Inflationary Adjustments:

General Inflationary Adjustment for Operating Expenditures
The general inflationary increase of 2.4% or 4.0% for medical and/or Trustee/Benefit (contracts).

Replacement Capital Outlay:

Use General Inflationary rate for lump-sum appropriations or detailed replacement equipment list

Interagency Non-standard Adjustments:

Projected increases in rates for rental space, risk management, controller's office, treasurer's office

Change in Employee Compensation (CEC):

Provides cost to fund salary plan. Use 1% so costs can be multiplied when plan developed.

Fund Shift:

Requests must be prepared by fund source. Shifts MCO increases calculated on other funds to the general account.

Calculated Per Board Policy:

External Non-standard Adjustments

New Occupancy Costs:

Calculates utilities, custodial, maintenance costs, etc. of occupying a new/re-defined space.

Enrollment Workload Adjustment:

Calculates costs of additional students attending institutions.

Library Books & Periodicals:

Additional inflationary factor for library acquisitions - Books .6%, Periodicals 7.6%.

Contract Changes

Increased cost associated with agreements (additional students in medical programs).

Utility Increases:

Projected increases in utility costs.

FY2004 Total MCO Request:

Total of the budget base and the MCO Increases

Enhancements:

To be Determined by the Board

FY2004 Total Request:

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BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002

SUBJECT

Approval of FY04 Budget Enhancement Requests

BACKGROUND

The second part of the budget development process consists of enhancement requests. The Board specifically considers each individual enhancement request and only those approved can be included in the total request. According to the request guidelines approved by the Board at the May meeting, (TAB 4), institutions and agencies were not permitted to present enhancement requests for the FY04 request. The Board will identify and approve enhancement requests that will become part of an institutions or agencies FY04 budget request.

DISCUSSION

The revenue projections for FY04 indicate funds will be limited. It is important that the institutions and agencies receive the MCO funds and an adequate CEC so the focus on the request will be at the MCO level. Only critical enhancement requests and/or “promised” requests to legislators (funding equity for the college and universities) will be considered.

IMPACT

Only Board approved requests can be forwarded to the Division of Financial Management and the Legislative Service Office – Budget and Policy Analysis for funding considerations. The institutions and agencies are not allowed to lobby the Governor nor legislators for requests not approved by the Board.

STAFF COMMENTS

It is important to present the critical needs of the Board’s programs but considering the current economic conditions, it is important to present the needs within realistic funding expectations

BOARD ACTION

A motion to approve the following enhancement requests:

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002

SUBJECT

FY04 Impact Statements for Budgets at 95% Level of MCO Request

BACKGROUND

Because of the potential shortage of funds for FY04, the Board guidelines requested the institutions and agencies to provide the Board with programmatic effect of operating at 95% of the FY04 general fund MCO budget request. The institutions and agencies calculated their MCO budget request as outlined in TAB 4, then reduced that amount by 5% in arriving at a potential budget for FY04. The impact statements are presented for the Boards' review.

DISCUSSION

Developing contingency plans for FY04 is appropriate in light of the current economic climate. While developing the needs for FY04, it is important to consider the potential revenue that will be available to funds those needs.

IMPACT

The impact statements are provided as information items. They present potential reductions support and services if the MCO request is not funded.

STAFF COMMENTS

Hopefully, the economy will rebound, resulting in improved tax collections so further reductions are not necessary. However, it is prudent to consider further reductions in planning for FY04.

BOARD ACTION

This is a discussion item. No action required.

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BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002

FY04 IMPACT STATEMENTS
FOR BUDGETS AT 95% LEVEL OF MCO REQUEST

OFFICE OF THE STATE BOARD OF EDUCATION

Since the operating budget for the Office of the State Board of Education (OSBE) includes \$3.5M to fund the contract to conduct the statewide public schools assessment, the impact of operating at 95% would cause the contract to be renegotiated, potentially delaying the assessment process. Other OSBE functions would be negatively impacted as additional positions would need to be eliminated since the operating costs are mostly fixed.

IDAHO SCHOOL FOR THE DEAF AND THE BLIND

Per State Board of Education directive, the following is submitted as ISDB's 5% reduction plan for your review and approval. With a General Fund appropriation of \$7,051,500 for FY 2003, a 5% reduction would equate to \$352,600. To achieve such a dramatic cut, severe program reductions or total elimination of some programs would have to occur.

A total of four summer programs including both Blind and Deaf summer programs would be eliminated. In addition, the Paraprofessional program for public school personnel who work with blind students would be eliminated. Finally, the Extended Outreach program that works with new infants and young children during the summer months would be eliminated. A total of approximately \$100,000 in expenditures would be eliminated.

Closure of Cottage #7 and integration of these students into the other six cottages would permit elimination of two classified staff positions including a Cottage Supervisor and an Assistant Cottage Supervisor position. Total Personnel Costs savings of \$58,000 could be achieved.

Facilities Maintenance would be reduced by yet another \$50,000 which would seriously jeopardize our ability to maintain our facility in a responsible manner.

All remaining dollars amounting to \$144,600 would have to come from the elimination of teaching positions in both the residential program as well as the regional outreach program. A total of three to four positions would have to be eliminated to generate the necessary dollars to reach the final 5% reduction plan.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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PROFESSIONAL-TECHNICAL EDUCATION

Program 01 – State Leadership and Technical Assistance

The Division of Professional-Technical Education is the administrative arm of the State Board responsible for professional-technical education. The Division provides leadership, advocacy and technical assistance for professional-technical education in Idaho, from secondary through adult. The Division provides the focus for professional-technical education within existing schools and institutions by targeting resources, organizing and applying industry input, providing technical assistance to program areas, managing programs and providing leadership for student organizations.

Under the Division's leadership, the professional-technical education system enrollments increased by 180% and the total appropriation increased by 250% between 1980 and 2001. By contrast, the Division experienced an overall 37% decrease in staff during the same period. This concerted effort to limit administrative costs and FTP also limits the flexibility to make reductions. A further 5% reduction in State General funds would mean a possible reduction in FTP, reduced travel and operating expenses and zero capital outlay funds for FY 2004.

Program 02 – General Programs

The State General Fund provides approximately 30% of the added costs associated with secondary professional-technical education programs. The proposed reduction for these programs would reduce that amount to lower than 25% of the added costs. In addition, the reduction would further delay the implementation of the revised added cost distribution formula that would have improved the method of distributing these funds and increased the percentage of added costs covered. A reduction in funds available for the professional-technical school added costs support units may eliminate the creation and/or expansion of professional-technical schools.

Curricula development and implementation of curriculum development materials will be significantly slowed down. Linking professional-technical education curricula with state achievement standards will also be impacted. Teacher education funds may possibly be reduced which will impact the ability to provide inservice and work with new professional-technical teachers.

The number of fire service and hazardous materials training classes delivered through the Technical College System would be reduced by approximately 14 classes affecting 234 first responders statewide. The majority of these funds are used to help support training for volunteer and paid fire departments statewide.

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002

Program 04 – Unprepared/underprepared Adults and Displaced Homemaker Program

The number of single parents and displaced homemakers receiving services through the Technical College System's Center for New Directions would be reduced by approximately 87 statewide.

Program 03 – Postsecondary Programs

The State General Fund is intended to provide 100% of the direct costs for postsecondary professional-technical education programs. Although student fees help defray the cost of maintaining facilities, grounds and related overhead, the fees are not used to support postsecondary instruction, equipment purchase or replacement at the Technical Colleges. Student fees are included in the main institutional budgets to support plant maintenance and operations. Therefore, Technical Colleges have little ability to make up these cuts from other funding sources.

The impact of the reduction will be compounded by the fact that difficult economic times have always increased the demand for technical training. Businesses seeking to shore up their ability to survive and workers seeking new job skills will need technical training to get them through the economic downturn.

A reduction of 5% would mean eliminating administrative, support and instructional staff in the Technical College System. Programs would be negatively impacted as Technical Colleges have to choose between maintaining the quantity/capacity or maintaining the quality of postsecondary professional-technical education programs. The reduction will also limit the provision of remediation and supportive services to unprepared adults seeking postsecondary training.

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002

Division of Vocational Rehabilitation

The following is an impact statement on the programmatic effect of operating at 95% of the MCO request level. This describes how the Division of Vocational Rehabilitation would accommodate a reduction from the MCO level of projected need for FY04. The statement is divided into the four functional areas. A 5% reduction of the MCO budget would reduce amounts in the Renal Disease Services by \$28,000, in Vocational Rehabilitation by \$160,000, in Epilepsy League Service by \$4,000 and the SILC by \$4,000.

Renal Disease Services

FY04 Operating Reduction Plans:

<u>FTE</u>	<u>Personnel Costs</u>	<u>Operating Costs</u>	<u>Capital Outlay</u>	<u>Trustee & Benefit</u>	<u>Total</u>
0.00	0.00	0.00	0.00	\$28,000	\$28,000

The Division will seek out all possible alternative sources of funds to replace these state funds.

Vocational Rehabilitation

FY04 Operating Reduction Plans

<u>FTE</u>	<u>Personnel Costs</u>	<u>Operating Costs</u>	<u>Capital Outlay</u>	<u>Trustee & Benefit</u>	<u>Total</u>
0.00	0	50,000	25,000	85,00	\$160,000

The Division will reduce operating costs and Capital Outlay, where feasible, to accommodate a 5% reduction in General Funds. It should be stressed that any further reduction in state general funds would place the Division precariously close to losing Federal funds for lack of State match. Another danger that looms near is the potential for implementation of an Order of Selection. If sufficient funds are not available to serve all who come to us, the Division will initiate an Order of Selection in which those with the most significant disabilities are served first. This would reduce considerably the number of people we could serve and rehabilitate.

Furthermore, Idaho Division of Vocational Rehabilitation places people with disabilities in employment to reduce public assistance benefits being paid, to earn salaries and to pay taxes. A reduction in a Vocational Rehabilitation counselor position, which we may face with future reductions of our operating funds, would result in one hundred seventy (170) fewer people being served and a loss of twenty-seven (27) rehabilitations. The loss of successful closures into employment translates to substantial losses in salary earnings and purchasing power of those people who would have gone to work, and, additionally, the loss of revenue to the state in the form of taxes not being paid.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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Epilepsy League

FY04 Operating Reduction Plans

<u>FTE</u>	<u>Personnel Costs</u>	<u>Operating Costs</u>	<u>Capital Outlay</u>	<u>Trustee &Benefit</u>	<u>Total</u>
0	0.00	0.00	0.00	\$4,000	\$4,000

Descriptions:

The program will seek alternative, private sources of funds to make up the shortfall. Barring the success of that effort, the program may have to reduce employee hours.

Independent Living Council

FY04 Operating Reduction Plans

<u>FTE</u>	<u>Personnel Costs</u>	<u>Operating Costs</u>	<u>Capital Outlay</u>	<u>Trustee & Benefit</u>	<u>Total</u>
0.00	0.00	0.00	0.00	\$4,000	\$4,000

Descriptions:

The SILC will reduce their operating budget. Some adjustments to Trustee & Benefits in the form of contract payments of support to Independent Living Centers throughout the state would have to be performed.

IDAHO PUBLIC TELEVISION

Thank you for the opportunity to give you some initial thoughts regarding the potential impact of a permanent 5% reduction in our base budget for fiscal year 2004.

To begin with, there are at least three variables that would have a significant impact on my answer.

First is what, if any, reductions there may be to our current year base budget. Beginning on July 1, 2002, IdahoPTV entered the fiscal with a permanent reduction to our base budget totaling \$195,000. If there are new holdbacks in the current year budget, this would have deleterious impact on the calculation used for the base budget for 2004.

The second variable is the mandated conversion to digital television by May 2003. At this time, it appears that we have been granted funds that will “top off” the amount needed the multi-year statewide conversion. Currently, the Attorney General’s Office is engaged in reviewing this grant contract from the Corporation for Public Broadcasting (CPB), which is being administered through the Public Broadcasting Service. If this grant opportunity fails, which I believe is quite slim, that could set in motion a set of financial dominos to meet the May 2003 deadline. This could have impact on our current year budget and resulting programmatic functions.

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002

The third variable is whether our base budget includes replacement capital and how that amount affects a reduction in our base.

Assuming that our current FY 03 base budget does not change, I have prepared an overview of our current state appropriation and how a permanent 5% reduction (@ \$75,000) would be approached:

IdahoPTV FY 03 General Fund:

Function:

Building Leases	\$348,800	Fixed costs, nothing to cut
Site Leases	\$42,500	Fixed costs, nothing to cut
State Fees	\$75,500	Fixed costs, nothing to cut
Statewide TV System		
Maintenance & Repair	\$35,000	Reduced in FY 02, adding 4 new transmitters in FY 03, can not reduce without impacting service & licenses
Personnel, core system	\$897,600	Reduced 4 FTE in FY 02, 1 FTE frozen in FY 03. Additional reductions will result in system service component eliminations or outages.

If you have any further questions, please feel free to contact me.

IDAHO STATE HISTORICAL SOCIETY

The Historical Society has not identified where specific reductions will be made in programs if we were to lose an additional 5% of our MCO costs. Mr. Guerber has indicated, however, that for each additional 1% reduction in funding we will need to eliminate one staff member.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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IDAHO STATE LIBRARY

The Idaho State Library significantly restructured programs and services in FY2003 in part to respond to a loss of 17.2% in general account funding (including the loss of 3 FTE, and all of the library materials budget). The Library has removed the majority of services formerly provided through our Government Information Center. We have focused our attention on the development of library, literacy, and information services to Idaho citizens; direct services to citizens with print disabilities through the Talking Book Library; and operation of the State Documents Depository program. FY2003 will be a period of major adjustment and settling out to implement and evaluate the changes we have already begun.

A further reduction in the State Library's general account revenues can only be taken from personnel and operating expenses. It is highly unlikely that we can take more than a one percent reduction in operating, therefore the majority of future reductions will have to come from personnel funds. Whereas we are a service organization, reductions in personnel will directly correlate to a decrease in services to our customers.

BOISE STATE UNIVERSITY

The impact of operating @ 95% of MCO request level for FY 04 presents an acute challenge to the University's faculty and staff. In the event further reductions become imminent, Boise State University will consider a series of options as a course of action is determined. In the context of Boise State's role and mission, together with its strategic plan, a collaborative, university-wide reduction strategy was implemented in January of 2002. The goal of that strategy continues; to preserve the highest quality of academic programs, maintain student access to programs and classes and to preserve critical programs and personnel.

Operating at 95% of the MCO request level for FY 04 budget would have an adverse impact on student services and critical infrastructure support functions. The process of evaluating the feasibility of programmatic and organizational changes such as the elimination of programs, divisions and services will require significant analysis to evaluate both the financial impact for the University and the impact to the stakeholders.

Boise State University is carefully reviewing and managing budget reductions to minimize impacts. Depending on the severity of the budget cuts, the outcome of the FY03 4.5% reserve holdback and the Board's position related to student fee increases, the severity of the impact may be lessened.

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002

IDAHO STATE UNIVERSITY

Operating at 95% of the MCO request level for FY04 would cause further reductions in the distribution of funds to the colleges and departments with the resultant negative impact on student access and service. Major and specific programmatic changes and discontinuances required to reflect this reduction would depend on the results of the institution's planned response to FY03's budget base reduction and the ultimate disposition of the voluntary 4.5% set aside. Planned organizational changes during FY03 to consolidate some services should have a positive affect on mitigating the effect of FY03 budget reductions and these savings will carry into FY04. Considerable effort will be expended during FY03 to ensure that planned budget adjustments are yielding appropriate results and in identifying additional resource and programmatic changes. A similar process as was used for responding to the FY03 budget reduction will be used for FY04's 5% MCO reduction plan, that is, department chairs and directors will identify their respective reduction plans for review and approval through the Deans, Vice Presidents, and President.

UNIVERSITY OF IDAHO

General Education: (5% reduction = \$3.8MIL)

The preparation of a 95% budget signals further holdbacks of State funds in this fiscal year and the next. The university's FY03 operating budgets have already been reduced by 10% or approximately \$11.5MIL. Another 5% reduction (nearly \$5.3MIL) would create a total loss of State support of \$16.8MIL and would necessitate extreme actions to re-balance the budget in FY03. The university is implementing a strategic plan that is resulting in enrollment growth, dramatic advancements and growth in research and the statewide expansion of outreach activity. State support is profoundly important to sustain these achievements that are crucial to the future of the State of Idaho.

Reduction of the university's State support in FY04 would result in the reduction or elimination of programs and services. Since the majority of the university's operating budget supports personnel, reductions in those programs and services would result in the loss of additional faculty and staff, a very significant loss over two years.

Fiscal year 2004 State funding reductions would further mean the reduction or elimination of the Maintenance of Current Operations allocations (MCO) in the appropriation process. MCO allocations are vital for the support of on-going faculty and staff compensation (CEC and benefits), utility increases, library materials, enrollment workload adjustments and other primary infrastructure needs. Consecutive years without CEC funding would significantly impair the recruitment and retention of quality faculty and staff.

Losses of State support also would mean higher student fees and tuition. Fees were increased by 12% for FY03. Additional fee and tuition revenues would be needed and may require a 2-year total increase of greater than 22%. Access to higher education, student recruitment and student retention will be adversely affected.

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002

LEWIS-CLARK STATE COLLEGE

If the institution was limited to 95% of its FY2004 MCO Budget Request amount, it would experience a shortfall of approximately \$635,000. The College would propose to address the majority of this shortfall with a significant fee increase. The remaining shortfall would be addressed with additional position cuts in its instructional programs.

During the 2001-2002 school year, the College carefully scrutinized all programs and departments on campus in order to develop its FY2003 budget. As a result of that process, strategic cuts were made and many programs were reduced or eliminated, but others that were closely reviewed were not. The College would revisit the work done during FY2002 and look for additional marginal programs to be reduced or eliminated. Because the College is stretched so thin for operating expenses, the additional cuts would need to come from position reductions or eliminations. On the average, each position cut would generate combined salary and fringe savings of approximately \$55,000. Additionally, because of the cuts already implemented for the FY2003 budget year, essential services in administrative and student affairs areas could not bear further cuts. Thus, valuable instructional programs and services would need to be eliminated.

COLLEGE OF SOUTHERN IDAHO

With 14% headcount enrollment growth last year and an anticipated 5 to 8% again this fall, we need to be increasing expenditures to meet student needs. We have already taken steps to gain efficiencies in virtually every area of campus to get through FY2003.

With increases in health insurance, utilities and operating costs to absorb and the loss of enrollment workload adjustment funds, our only choices are to reduce staff and increase tuition. We already have built in a 4% increase in tuition to raise the dollars necessary for an MCO budget.

Further reductions of state support will result in lost jobs and increased prices for students. In facing these reductions, we will do the best we can to maintain the quality and integrity of the institution.

NORTH IDAHO COLLEGE

Maintaining instructional integrity will be the primary consideration at North Idaho College. As we did in FY 02, North Idaho College will budget contingency funds for a portion of a 5% hold-back. In addition, non-critical vacant positions will remain unfilled. Finally, all non-essential purchases of equipment, supplies, and materials will be curtailed.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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AGRICULTURAL RESEARCH AND EXTENSION (5% reduction = \$1.2MIL)

Following the FY03 State funding reductions agricultural research and extension programs are no longer funded at appropriate levels. At current State funding levels, ARES funding is well below the stakeholder group recommendation in the 2001 Ag Initiative. Those stakeholders identified programs requiring \$10MIL above current appropriation levels in order to provide critical assistance to the agriculture industry and rural communities in Idaho.

As with all of the university's programs, an additional 5% reduction will require further personnel reductions. It will not be possible to maintain a physical presence in 42 of Idaho's 44 counties. Additional personnel reductions will impact the ARES relationship with Idaho's rural communities and negatively impact statewide economic development.

MCO reductions in the ARES appropriation also will impair the support of the off-campus infrastructure. Losing \$600,000 in Capital Outlay funding in FY03 has already delayed required maintenance and repair of buildings and equipment. Further erosion of MCO funding will not allow the university to address some of the most critical maintenance and safety needs at off-campus research and extension centers. In addition, the loss of matching funds for equipment would adversely affect the ability to compete for some grant projects.

HEALTH EDUCATION PROGRAMS

WWAMI and WOI (5% reduction = \$225.7K)

The WWAMI Medical Education Program and the WOI Veterinary Medicine Program were provided exemption from the FY03 State funding holdback. Funding reductions in these programs translate into the loss of seats in the programs. Access to medical education programs for Idaho students would be reduced.

Idaho Dental Education Program

Operating at 95% of the MCO request level for FY04 would cause a reduction in seats available. Staffing could not be reduced because of accreditation standards. The amount of the Trustee Benefit Payment is fixed by the contract with Creighton. The reduction in seats would not generate any savings during FY04. The savings would be in the following year from a reduction in the cost of the Creighton contract.

Family Practice Residency Program

The Family Practice Residency programs in Boise and at Idaho State University rely on State General Account support, patient revenue, pass through federal funds from the

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002

hospitals Medicare program for medical education, and two federal training grants. Currently, the State General Account funds share of the total funds (7%) is below the benchmark suggested for family practice residency programs. Additional general account cuts would increase an already financially stressed operation, potentially decrease the numbers of residents admitted, and/or decrease the service mission to patients.

SPECIAL PROGRAMS

Idaho Geological Survey and Forest Utilization Research (5% reduction = \$66.9K)

The Idaho Geological Survey (IGS) and the Forest Utilization Research (FUR) program lost over \$100K in the FY03 State funding reduction. Additional reductions will severely impair field research and mapping efforts, data collection, technology transfer to industry and other primary services and projects.

Idaho Museum of Natural History

Operating at 95% of the MCO request level for FY04 would cause further reductions in staffing. Additional staff reductions would impact the quality and quantity of service.

Small Business Development Center

"Operating at 95% of the FY04 MCO would require the Idaho SBDC to reduce funding at one of the six operating centers. The reduction is \$14,336. This would require a reduction in personnel, as operating budgets do not have room for further cuts. The office impacted by this reduction is the Lewiston and North Central Idaho. Approximately sixty small businesses in this area would not be served."

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BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002

SUBJECT

Approval of FY04 Capital Budget Requests

BACKGROUND

Since capital projects are funded from the Permanent Building Fund (PBF), the process used for requesting capital projects is separate from the operating budget request process. The PBF supports various projects; new, renovated or remodeled projects (major capital projects), alterations and repairs projects, asbestos-related projects, Americans with Disability projects, and building demolition. The Board reviews and prioritizes the major capital projects and defers the priority setting of the remaining projects to the Division of Public Works (DPW). Major capital projects approved by the Board are forwarded to the Permanent Building Fund Advisory Council (PBFAC), which reviews and prioritizes all capital projects, statewide. The PBFAC recommends to the Governor the projects and prioritization. The legislature appropriates funds to DPW specifically for major capital projects and blocks of funds for the other projects. The dedicated source of funds for the PBF is identified on TAB 7

DISCUSSION

For FY02, the legislature funded \$63.6M of higher education projects. Unfortunately, because of revenue shortfalls, the funds supporting these projects were used to deal with the shortfalls. The following schedule displays the priority of the projects as funds were re-directed during FY02. There were no projects for higher education funded for FY03. The institutions and agencies have provided DPW with a six-year plan, reflecting the long-range capital needs. These plans are provided in TAB 7.

IMPACT

Only approved projects can be forwarded to the PBFAC. The institutions and agencies are not allowed to lobby the Governor nor legislators for projects not approved by the Board.

STAFF COMMENTS

The Board is in the process of developing a new process of prioritizing capital projects. With the FY02 funding, the slate would have been cleaned with projects in the works making this process critical. Now with these projects delayed, the Board needs to review the priority established for these projects to determine if they are still valid. Some of the projects are partially funded to complicate the consideration.

BOARD ACTION

A motion to prioritize capital projects for FY04 as indicated in TAB 7.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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Permanent Building Fund

History of Appropriations

Source and Use of Funds	FY95 Actual	FY96 Actual	FY97 Actual	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Approp	FY02 Approp Orig	FY03 Approp
1 Source of Funds:									
2 Ongoing Sources:									
3 Income Tax Filing Fee	4,709,700	4,955,300	4,485,700	4,584,300	4,676,000	5,286,300	5,558,500	5,527,900	6,650,000
4 Cigarette Tax	6,733,500	6,944,000	6,953,000	6,829,100	6,712,600	6,523,800	6,332,000	6,104,300	6,043,000
5 Beer Tax	1,161,400	1,138,000	1,144,400	1,159,300	1,175,200	1,176,100	1,207,700	1,256,800	1,313,000
6 Sales Tax	500,000	500,000	500,000	500,000	500,000	500,000	5,000,000	5,000,000	5,000,000
7 Lottery Proceeds	9,000,000	9,500,000	10,000,000	9,750,000	10,750,000	10,500,000	10,000,000	9,000,000	7,750,000
8 1) Interest Income (Bdgt Stabl Acct)	1,152,500	1,873,800	1,587,100	1,607,800	1,891,600	4,937,900	5,902,800	9,589,400	4,230,000
9 Parking Mall Receipts	0	0	0	0	0	108,100	108,100	108,100	108,100
10 Total Ongoing Revenue	<u>23,257,100</u>	<u>24,911,100</u>	<u>24,670,200</u>	<u>24,430,500</u>	<u>25,705,400</u>	<u>29,032,200</u>	<u>34,109,100</u>	<u>36,586,500</u>	<u>31,094,100</u>
11 Overtime Funding:									
12 Prior Year Funds			(1,931,000)	3,142,200	544,200	1,155,900	3,711,800	5,168,400	(9,764,200)
13 Agency Funds/Reappropriations	0	3,510,500	1,360,100	0	3,067,600	0	2,902,800	3,500,000	3,300,000
14 Transfer-General Acct	38,142,600	49,709,100	1,000,000	0	2,000,000	2,500,000	0	65,300,000	0
15 Total Funds Available	<u>61,399,700</u>	<u>78,130,700</u>	<u>25,099,300</u>	<u>27,572,700</u>	<u>31,317,200</u>	<u>32,688,100</u>	<u>40,723,700</u>	<u>110,554,900</u>	<u>24,629,900</u>
16									
17 Use of Funds:									
18 Public Works Budget	1,381,100	1,465,600	1,249,400	1,348,200	1,543,800		1,690,300	2,522,700	1,966,000
19 Bond Payments	4,382,600	5,174,000	4,309,800	5,113,200	5,174,000	6,825,900	5,174,000	5,000,000	5,000,000
20 Alteration/Repair & Maintenance	10,050,000	11,000,000	11,729,512	13,104,000	11,978,000	11,077,900	11,000,000	14,500,000	12,744,800
21 Asbestos Abatement Projects	800,000	1,000,000		700,000	800,000	500,000	550,000	500,000	500,000
22 Underground Storage Tanks	500,000	500,000		500,000	250,000	250,000	150,000	150,000	
23 EPA Green Light Program	0	0							
24 ADA Compliance	500,000	1,000,000		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
25 Contingency/Other	150,000	350,000		111,300	108,000	308,000	208,000	408,000	408,000
26 Capital Projects	44,875,400	57,788,000	4,983,000	5,922,000	9,543,500	11,218,000	17,645,000	86,472,000	3,011,000
27 Total Funds Used	<u>62,639,100</u>	<u>78,277,600</u>	<u>22,271,712</u>	<u>27,798,700</u>	<u>30,397,300</u>	<u>31,179,800</u>	<u>37,417,300</u>	<u>110,552,700</u>	<u>24,629,800</u>
28									
29 Total Funds Available less Funds Used	<u>(1,239,400)</u>	<u>(146,900)</u>	<u>2,827,588</u>	<u>(226,000)</u>	<u>919,900</u>	<u>1,508,300</u>	<u>3,306,400</u>	<u>2,200</u>	<u>100</u>
30									
31									
32 Normal Revenue Flow & On-going Budget:									
33 Revenue - Ongoing Only (Line 10)	23,257,100	24,911,100	24,670,200	24,430,500	25,705,400	29,032,200	34,109,100	36,586,500	31,094,100
34 Expend less Capital Projects (Ln27-26)	17,763,700	20,489,600	17,288,712	21,876,700	20,853,800	19,961,800	19,772,300	24,080,700	21,618,800
35 Funds Available for Capital Projects	<u>5,493,400</u>	<u>4,421,500</u>	<u>7,381,488</u>	<u>2,553,800</u>	<u>4,851,600</u>	<u>9,070,400</u>	<u>14,336,800</u>	<u>12,505,800</u>	<u>9,475,300</u>

1) Beginning 7/1/99 PBF will begin retaining interest earnings.

Permanent Building Fund

State Board of Education Capital Projects Funded by PBF (numbers in 000's)

Inst/Agency/Project	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02 Approp		FY03
								Orig	Revised	
1 CSI-Libr/Media C Design	5,332.0									
2 NIC-Old Libr/Lee Hall Design	2,392.0									
3 BSU-Canyon County Vo-Tech Bldg										
4 EITC-Classroom	3,593.1	800.0								
5 ISU-Physical Sci Ren Design	7,677.9	1,600.0								
6 Uofl-Renovate Engr Bldg	2,120.0									
7 BSU-Multi-Use Classroom	6,239.0									
8 Hist Soc Libr/Archives/History Center	500.0		3,000.0				500.0	4,500.0	(4,613.0)	
9 LCSC-Classroom/Lab & Storage	924.1									
10 Uofl-Building Renovations		6,880.0								
11 BSU-Canyon County Fac		5,000.0								
12 BSU/Uofl-Engr Facility-Design		500.0								
13 LCSC Centennial Mall	875.0									
14 U of I Ag Biotech Facility			1,000.0	3,300.0	1,050.0					
15 ISU-Physical Science Phase 2			100.0	500.0	3,000.0	4,670.0				
16 LCSC Phys Educ Bldg				230.0	554.0	1,000.0	3,425.0	7,640.0	(10,868.0)	
17 BSU Canyon County Campus					2,000.0		3,500.0	9,300.0	(8,655.0)	
18 U of I Classroom Ctr					150.0		1,500.0	10,700.0	(11,729.0)	
19 NIC Campus Master Plan					150.0					
20 CSI Fine Arts Addition					150.0	300.0	1,500.0	4,300.0	(5,402.0)	
21 BSU Inform Tech Infrastructure						500.0				
22 NIC Warehouse						50.0				
23 EITC Library Expansion						100.0	775.0			
24 Uofl Fire Protection/Life Safety						972.0				
25 ISU - Classroom Bldg						1,500.0	14,000.0	(12,177.0)		
26 NIC - Allied Hlth/Nursing/Life Sci						100.0	11,800.0	(10,994.0)		
27 Hist Soc-Hist Mus							1,000.0	(1,000.0)		
28 EITC-Maintenance Bldg Exp							252.0	(233.0)		
29 EITC-Health Educ/Admin Bldg							60.0	(60.0)		
30 Total Capital Projects	29,653.1	14,780.0	4,100.0	4,030.0	7,054.0	7,592.0	12,800.0	63,552.0	(65,731.0)	0.0

State Board of Education
FY04 Major Capital Request Summary
Agency/Institution Priority as Projects Eliminated During FY02
(\$ in 000s)

Board Priority	Inst/Agency/Project	PBF Appropriations			Funds Eliminated	Total Project Cost		FY04 Request
		Prior to FY02	FY02	Total Approp		G.A./PBF	Total	
	Lewis Clark State College Campus Activity Center - Phase III	5,209.0	7,640.0	12,849.0	10,868.0	12,860.0	16,360.0	10,900.0
	College of Southern Idaho Fine Arts Addition	1,950.0	4,300.0	6,250.0	5,402.0	7,990.2	7,990.2	7,142.2
	University of Idaho Teaching and Learning Center Renovation	1,900.0	10,700.0	12,600.0	11,729.0	14,000.0	14,550.0	12,100.0
	Boise State University First Academic Building for West Campus	500.0	9,300.0	9,800.0	8,655.0	10,866.0	10,866.0	10,366.0
	Idaho State Historical Society Historical Museum Addition - Phase II		1,000.0	1,000.0	1,000.0	4,500.0	4,500.0	4,500.0
	Idaho State University Classroom Building	1,500.0	14,000.0	15,500.0	12,177.0	16,275.0	16,275.0	14,775.0
	North Idaho College Allied Health/Nursing/Life Sciences Building - Planning	100.0	11,800.0	11,900.0	10,994.0	12,605.5	12,605.5	11,700.0
	Eastern Idaho Technical College Campus Maintenance Building Addition/Remodel		252.0	252.0	233.0	264.6	264.6	264.0
	Health Education/Administrative Building Planning		60.0	60.0	60.0	6,300.0	6,300.0	6,300.0
	Idaho State Historical Society Idaho History Center Phase II	500.0	4,500.0	5,000.0	4,613.0	5,000.0	5,000.0	4,500.0
	Total	11,659.0	63,552.0	75,211.0	65,731.0	90,661.3	94,711.3	82,547.2

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BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 15, 2002

SUBJECT

Final Reading – Workforce Training Credit Fee

BACKGROUND

The Board approved for first reading the proposed policy change at the June Board meeting. Approval of final reading will change Board policy for the workforce training credit fee. Workforce training courses comprise of industry upgrade training, apprenticeship training and customized training. The courses are characterized by flexibility, responsiveness to industry and unique scheduling. They are generally short-term offerings. Frequently, they are offered as non-credit courses because the primary motivation of participants is to gain needed skills for employment rather than college credit. However, some participants are expressing an interest in receiving credit toward a technical program and a growing number of employers also want their employees to receive credit.

Since these courses are offered with limited or no financial support from the state, fees are charged by the technical colleges to cover the cost of delivery.

DISCUSSION

Under the current definition of fees, the credits could be transcribed only if a credit hour fee was charged. Since a fee is charged to cover the cost of delivery, charging a credit hour fee on top of the course fee made the courses expensive to the students. This proposal will provide an economic means for students to receive credit for qualified workforce training courses if they desire to receive credit for the course.

IMPACT

This establishes a method for students to receive credit for qualified workforce training courses. The \$10 per credit fee will cover the cost of recording the credit on the student's records.

STAFF COMMENTS

This policy was proposed by the Division of Professional Technical Education and discussed by the institutions. They support the creation of this new fee. Approve the proposed changes.

MOTION:

A motion to approve for final reading the proposed policy change, defining the workforce training credit fee and establishing that fee at \$10.00.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES

SECTION: V. FINANCIAL AFFAIRS

Subsection: Q. Deposits and Miscellaneous Receipts Accounts

April 2002

Q. Deposits and Miscellaneous Receipts Accounts

1. Revenue Deposited into Account

To provide for greatest equity in distribution of state appropriated funds, all or a portion of the following fees or charges, as determined by the Board, are deposited into the following accounts:

a. Restricted Current Fund (0660-01)

- (1) Matriculation fee
- (2) Professional-Technical Education fee

b. Unrestricted Current Fund (0650-01)

- (1) General education fee.
- (2) Nonresident tuition.
- (3) Western Undergraduate Exchange (WUE) fee.
- (4) Graduate fee.
- (5) In-service teacher education fee.
- (6) Employee/spouse fee.
- (7) Federal Morrill Act funds, if appropriated.
- (8) Senior citizen fee.
- (9) WICHE fee.
- (10) Revenue derived from rental of state-constructed and/or state-maintained facilities to noninstitutional users
- (11) Summer school fee
- (12) Course overload fee

(13) [Workforce Training Credit Fee](#)

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Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES

SECTION: V. FINANCIAL AFFAIRS

Subsection: R. Establishment of Fees

April 2002

R. Establishment of Fees

1. Definitions and Types of Fees

The following definitions are applicable to fees charged to students at the University of Idaho, Boise State University, Idaho State University, Lewis-Clark State College, and Eastern Idaho Technical College.

a. General Education Fees

General education fees are to be deposited into the unrestricted or restricted current fund accounts as required by Section V, Subsection Q.

(1) Tuition

Tuition is defined as the fee charged for the cost of instruction at the colleges and universities. The cost of instruction shall not include those costs associated with said colleges and universities, such as maintenance and operation of physical plant, student services and institutional support, which are complementary to, but not part of the instructional program. Tuition may be charged only to nonresident, full-time and part-time students enrolled in any degree-granting program and to Professional-Technical Education students enrolled in pre-employment, preparatory programs.

(2) Matriculation Fee

Matriculation fee is defined as the fee charged for maintenance and operation of physical plant, student services, and institutional support for full-time students enrolled in academic credit courses and Professional-Technical Education pre-employment, preparatory programs.

(3) Professional-Technical Education Fee

Professional-Technical Education fee is defined as the fee charged for educational costs for students enrolled in Professional-Technical Education pre-employment, preparatory programs.

(4) Part-time Education Fee

Part-time education fee is defined as the fee per credit hour charged for educational costs for part-time students enrolled in any degree program.

Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES

SECTION: V. FINANCIAL AFFAIRS

Subsection: R. Establishment of Fees

April 2002

(5) Graduate Fee

Graduate fee is defined as the additional fee charged for educational costs for full-time and part-time students enrolled in any post- baccalaureate degree-granting program.

(6) Summer School Fee

Summer school fee is defined as the fee charged for educational costs for students enrolled in academic programs in summer semester.

(7) Western Undergraduate Exchange (WUE) Fee

Western Undergraduate Exchange fee is defined as the additional fee for full-time students participating in this program and shall be equal to fifty percent (50%) of the total of the matriculation fee, facility fee, and activity fee.

(8) Employee/Spouse Fee

The fee for eligible participants shall be a registration fee of twenty dollars (\$20.00) plus five dollars (\$5.00) per credit hour. Eligibility shall be determined by each institution. Employees at institutions, agencies and the school under the jurisdiction of the Board may be eligible for this fee. Special course fees may also be charged.

(9) Senior Citizen Fee

The fee for Idaho residents who are 60 years of age or older shall be a registration fee of twenty dollars (\$20.00) plus five dollars (\$5.00) per credit hour. This fee is for courses on a space available basis only. Special course fees may also be charged.

(10) In-Service Teacher Education Fee

The fee shall be one-third of the average part-time undergraduate credit hour fee or one-third of the average graduate credit hour fee. This special fee shall be applicable only to approved teacher education courses. The following guidelines will determine if a course or individual qualifies for this special fee.

(a) The student must be an Idaho public school teacher or other professional employee of an Idaho school district.

(b) The costs of instruction are paid by an entity other than an institution.

Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES

SECTION: V. FINANCIAL AFFAIRS

Subsection: R. Establishment of Fees

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- (c) The course must be approved by the appropriate academic unit(s) at the institution.
- (d) The credit awarded is for professional development and cannot be applied towards a degree program.

(11) Course Overload Fee

This fee may be charged to full-time students with excessive course loads as determined by each institution.

(12) Workforce Training Credit fee is defined as a fee charged students enrolled in a qualified Workforce Training course where the student elects to receive credit. The fee is charged for processing and transcribing the credit. The cost of delivering Workforce Training courses, which typically are for noncredit, is an additional fee since Workforce Training courses are self-supporting. The fees for delivering the courses are retained by the technical colleges. The Workforce Training fee shall be \$10.00 per credit.

b. Local Fees

Local fees are both full-time and part-time student fees which are to be deposited into the local institutional accounts. Local fees shall be expended for the purposes for which they were collected.

(1) Facilities Fee

Facilities fee is defined as the fee charged for capital improvement and building projects and for debt service required by these projects. Revenues collected from this fee may not be expended on the operating costs of general education facilities.

(2) Activity Fee

Activity fee is defined as the fee charged for such activities as intercollegiate athletics, student health center, student union operations, the associated student body, financial aid, intramural and recreation, and other activities which directly benefit and involve students. The activity fee shall not be charged for educational costs or major capital improvement or building projects. Each institution shall develop a detailed definition and allocation proposal for each activity for internal management purposes.

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(3) Technology Fee

Technology fee is defined as the fee charged for campus technology enhancements and operations.

(4) Professional Fee

Professional fee is defined as the additional fee charged for educational costs for students enrolled in specialized degree granting programs such as pharmacy, law, medicine, veterinary medicine, dentistry, physician assistant, physical therapy, architecture and landscape architecture.

(5) Contracts and Grants

Special fee arrangements are authorized by the Board for instructional programs provided by an institution pursuant to a grant or contract approved by the Board.

(6) Continuing Education

Continuing education fee is defined as the additional fee to part-time students which is charged on a per credit hour basis to support the costs of continuing education.

2. Board Policy on Student Fees

Consistent with the Statewide Plan for Higher Education in Idaho, the institutions shall maintain fees that are competitive with those of western peer institutions. Therefore, the total fee for full-time undergraduate and graduate students for both residents and nonresidents shall not exceed the peer group average of the prior year. An institution cannot request more than a ten percent (10%) increase in the total full-time student fee unless otherwise authorized by the Board.

3. Fees Approved by the Chief Executive Officer of the Institution

a. Special Course Fees or Assessments

A special course fee is a fee required for a specific course or special activity and, therefore, not required of all students enrolled at the institution. Fees such as penalty assessments, library fines, continuing education fees, parking fines, laboratory fees, breakage fees, fees for video outreach courses, late registration fees, and fees for special courses offered for such purposes as remedial education credit that do not count toward meeting degree requirements are considered special course fees. All special course fees or penalty assessments, or changes to such fees or assessments, are established and become effective in the amount and

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at the time specified by the chief executive officer of the institution. The chief executive officer is responsible for reporting these fees to the Board upon request.

b. Student Health Insurance Premiums or Room and Board Rates

Fees for student health insurance premiums paid either as part of the uniform student fee or separately by individual students, or charges for room and board at the dormitories or family housing units of the institutions. Changes in insurance premiums or room and board rates or family housing charges shall be approved by the chief executive officer of the institution no later than three (3) months prior to the semester the change is to become effective. The chief executive officer shall report such changes to the Board at its June meeting.

c. Activity and Facility Fees

The chief executive officer of the institution shall approve the amount of each of these fees prior to the April Board meeting. The change is to become effective prior to the beginning of the academic year following the change. The chief executive officer or his or her designee shall meet and confer with the associated student body before approving these fees. The institution shall hold a public meeting on the fee changes, and a report of the meeting shall be made available to the Board.

4. Fees Approved by the Board

a. Fees Requiring Board Approval

- (1) Tuition
- (2) Matriculation
- (3) Professional-Technical Education Fee
- (4) Part-time Education Fee
- (5) Graduate Fee
- (6) Summer School Fee
- (7) Professional Fee
- (8) Course Overload Fee

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b. Initial Notice

A proposal to alter a student fee covered by Subsection V.R.4.a shall be formalized by initial notice of the chief executive officer of the institution at least six (6) weeks prior to the Board meeting at which a final decision is to be made. Notice will consist of transmittal, in writing, to the student body president and to the recognized student newspaper during the months of publication of the proposal contained in the initial notice. The proposal will describe the amount of change, statement of purpose, and the amount of revenues to be collected.

The initial notice must include an invitation to the students to present oral or written testimony at the public hearing held by the institution to discuss the fee proposal. A record of the public hearing as well as a copy of the initial notice shall be made available to the Board.

c. Board Approval

Generally, Board approval for fees will be considered annually at the April Board meeting. This requirement is intended to provide the institutions with sufficient time to prepare the subsequent fiscal year operating budget.

d. Effective Date

Any change in the rate of fees or tuition becomes effective on the date approved by the Board unless otherwise specified.